

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

22. Retirement benefit obligations

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of service on attainment of the retirement age of 60 (2020: 60).

The amounts recognised in the financial statements are as follows:

	2021 RM	2020 RM
Statement of financial position		
Present value of unfunded defined benefit obligations, representing net liability	<u>2,268,553</u>	<u>2,590,791</u>
Analysed as:		
Current	<u>-</u>	<u>66,358</u>
Non-current:		
Later than 1 year but not later than 2 years	38,891	-
Later than 2 years but not later than 5 years	152,888	119,684
Later than 5 years	<u>2,076,774</u>	<u>2,404,749</u>
	<u>2,268,553</u>	<u>2,524,433</u>
Total unfunded defined benefit obligations	<u>2,268,553</u>	<u>2,590,791</u>
Statement of comprehensive income		
Current service cost	267,454	212,126
Interest cost	107,402	106,222
Total, included in employee benefits expense (Note 6)	<u>374,856</u>	<u>318,348</u>
Other comprehensive income/(loss)		
Effect of remeasurement in other comprehensive income	<u>(631,685)</u>	<u>260,499</u>
Movements in the net liability in the current year are as follows:		
	2021 RM	2020 RM
At 1 August 2020/2019	2,590,791	2,072,738
Recognised in profit or loss (Note 6)	374,856	318,348
Effect of remeasurement in other comprehensive income	(631,685)	260,499
Benefits paid	<u>(65,409)</u>	<u>(60,794)</u>
At 31 July	<u>2,268,553</u>	<u>2,590,791</u>

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

22 Retirement benefit obligations (cont'd.)

Principal actuarial assumptions used:

	2021 %	2020 %
Discount rate	4.5	3.9
Expected rate of employees' salary increases	<u>6.0 to 10.0</u>	<u>7.0 to 11.0</u>

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as of the end of the reporting year, with all other assumptions held constant:

	2021		2020	
	Increase/ (decrease)	Net liability RM	Increase/ (decrease)	Net liability RM
Discount rate	+1%	(274,312)	+1%	(295,814)
	-1%	326,812	-1%	356,273
Expected rate of salary increases	+1%	318,078	+1%	393,621
	-1%	<u>(272,861)</u>	-1%	<u>(329,857)</u>

The average duration of the defined benefit plan obligation at the end of the reporting year is 12 years (2020: 12 years).

23. Provision for heavy repairs

Provision for heavy repairs relates to the estimated costs of the contractual obligations to maintain and restore the Expressway infrastructure to a specified standard of serviceability.

	2021 RM	2020 RM
At 1 August 2020/2019	25,391,081	21,033,414
Provision for the year (Note 8)	3,800,000	4,357,667
Payment made during the year	<u>(4,118,237)</u>	-
At 31 July	<u>25,072,844</u>	<u>25,391,081</u>
Presented as:		
Current	4,169,764	4,357,667
Non current	<u>20,903,080</u>	<u>21,033,414</u>
	<u>25,072,844</u>	<u>25,391,081</u>

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

24. Lease liability

The carrying amount of lease liability and the movement during the year are as follows:

	2021 RM	2020 RM
At 1 August 2020/2019	1,535,896	1,690,658
Interest expense (Note 7)	66,095	73,238
Payments made during the year	(228,000)	(228,000)
At 31 July	<u>1,373,991</u>	<u>1,535,896</u>

Lease liability is analysed as follows:

Current	169,376	161,904
Non-current	1,204,615	1,373,992
	<u>1,373,991</u>	<u>1,535,896</u>

The undiscounted lease liability is analysed as follows:

Not more than 1 year	228,000	228,000
Later than 1 year but not later than 2 years	228,000	228,000
Later than 2 years but not later than 5 years	1,151,032	1,379,032
	<u>1,607,032</u>	<u>1,835,032</u>
Less: unexpired finance charges	(233,041)	(299,136)
	<u>1,373,991</u>	<u>1,535,896</u>

The remaining maturities of the lease liability as at 31 July 2021 is as follows:

	2021 RM	2020 RM
Not more than 1 year	169,376	161,904
Later than 1 year but not later than 2 years	177,192	169,376
Later than 2 years but not later than 5 years	1,027,423	1,204,616
	<u>1,373,991</u>	<u>1,535,896</u>

25. Sundry payables

	2021 RM	2020 RM
Accrued profit element on Sukuk	4,149,683	5,522,653
Accruals	6,176,070	5,917,052
Amount due to a related company	-	21,420
Other payables	2,818,387	3,560,108
Total sundry payables	<u>13,144,140</u>	<u>15,021,233</u>
Add: Sukuk (Note 19)	285,000,000	375,000,000
Total financial liabilities carried at amortised cost	<u>298,144,140</u>	<u>390,021,233</u>

The amount due to a related company was non-trade, unsecured, non-interest bearing and is repayable on demand.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

26. Capital commitments

	2021 RM	2020 RM
Capital expenditure		
Approved and contracted for:		
- Expressway development expenditure	-	1,332,284
Approved but not contracted:		
- Expressway development expenditure	2,740,000	-
- Property, plant and equipment	766,000	412,500
	<u>3,506,000</u>	<u>1,744,784</u>

27. Significant related party transactions

(a) Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2021 RM	2020 RM
Lease rental expenses charged by immediate holding company	<u>228,000</u>	<u>228,000</u>

(b) Compensation of key management personnel

The remunerations of key management personnel during the year was as follows:

	2021 RM	2020 RM
Short term employee benefits	882,220	1,288,790
Defined contribution plans	170,221	209,125
	<u>1,052,441</u>	<u>1,497,915</u>

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

28. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Company operates within clear defined guidelines that are approved by the Board. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company does not have significant exposure to a single counterparty nor does it have any major concentration of credit risks related to any financial assets, other than as disclosed in Note 15 to the financial statements.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortages of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible instrument to ensure sufficient cash being kept to meet debt service obligations and covenants, expressway enhancement expenses, operating expenses and distribution to shareholders. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

28. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
At 31 July 2021			
Financial liabilities:			
Sundry payables	13,144,140	-	13,144,140
Sukuk			
- Principal	90,000,000	195,000,000	285,000,000
- Profit element	11,419,870	8,886,679	20,306,549
Total undiscounted financial liabilities	<u>114,564,010</u>	<u>203,886,679</u>	<u>318,450,689</u>
At 31 July 2020			
Financial liabilities:			
Sundry payables	15,021,233	-	15,021,233
Sukuk			
- Principal	90,000,000	285,000,000	375,000,000
- Profit element	15,702,307	20,306,548	36,008,855
Total undiscounted financial liabilities	<u>120,723,540</u>	<u>305,306,548</u>	<u>426,030,088</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the interest-bearing assets that are obtained for construction of expressway projects.

The Company obtained its financing through Sukuk Musharakah which is based on agreed fixed rates.

The information relating to the terms and maturity dates of the Sukuk is disclosed in Note 19 to the financial statements.

The surplus cash from operations placed with approved licensed banks and other financial institution for interests are based on agreed fixed rates.

At the reporting date, the Company does not have significant interest rate risk.

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

29. Fair values of financial instruments

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

The Company's financial instruments consist of cash and bank balances, sundry receivables, sundry payables, other investment and borrowings.

The Company's financial instruments are carried at amortised cost, which are not materially different from their fair values.

The following methods and assumptions are used to estimate fair values of the following classes of financial instruments:

(i) Cash and bank balances, sundry receivables and sundry payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(ii) Borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate/profit rate for similar types of lending or borrowing arrangements or Islamic debts at the reporting date.

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

The three level of fair value measurement hierarchy are:

- | | |
|----------|--|
| Level 1: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date. |
| Level 2: | Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) |
| Level 3: | Input for the asset or liability that are not based on observable market data (unobservable input) |

199301020816 (275554-U)

Kesas Sdn. Bhd.
(Incorporated in Malaysia)

29. Fair values of financial instruments (cont'd.)

Quantitative disclosures of fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using significant observable inputs (Level 2)	
	2021	2020
	RM	RM
Asset measured at fair value		
Other investment:		
- Investment in corporate club membership	79,400	79,400

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

30. Guarantees

At the reporting date, the Company has provided the bank guarantees (unsecured) to third parties for the performance of contracts of RM5,000,000 (2020: RM5,000,000).

The directors are of the opinion that the transactions above have been entered into in the normal course of business.

31. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The capital management approaches remain unchanged for the current and previous years.

The Company monitors and maintains a prudent level of Debt to Equity Ratio ("DER") to optimise shareholders value and to ensure compliance under debt covenants.

The DER as at 31 July 2021 and 2020 are as follows:

	2021	2020
	RM	RM
Borrowings	285,000,000	375,000,000
Equity	493,005,711	425,085,055
Total equity and debt	<u>778,005,711</u>	<u>800,085,055</u>
DER	<u>37.63</u>	<u>47.53</u>

**SISTEM PENYURAIAN TRAFIK KL BARAT
SDN. BHD.
199701014301 (429797-P)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements
31 March 2022**

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

Contents	Page
Directors' report	1 - 4
Statement by directors	5
Statutory declaration	5
Independent auditors' report	6 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13 - 14
Notes to the financial statements	15 - 53

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 March 2022.

Principal activities

The principal activities of the Company are to design and construct the Western Kuala Lumpur Traffic Dispersal Scheme (the "Highway"), operate and manage the toll operations and maintain the Highway. The Highway comprises Package A (Kerinci Link), Package B (Damansara Link) and Package C (Penchala Link). The Company commenced tolling operations for both Package A and Package B on 9 September 2001 and Package C on 22 March 2004.

On 23 October 1997, the Government of Malaysia (the "Government") awarded the concession for the Highway to the Company for a period of 33 years. On 27 December 2001, the Government revised and approved the extension of the concession period to 36 years from 15 December 1998 to 14 December 2034 in respect of Package A and Package B. The concession period for Package C remained at 33 years from 15 December 1998 to 14 December 2031.

Results

	RM'000
Loss for the year	<u>(5,228)</u>

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ir. Haji Yusoff bin Daud
Dato' Haji Azmi bin Mat Nor
Dato' Idris bin Md Tahir

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme ("ESOS") of Lingkar Trans Kota Holdings Berhad.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' interest

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Holding company

The holding company is Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd, a company incorporated and domiciled in Malaysia.

Other statutory information

- (a) Before the financial statements of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debt and that no provision for doubtful debt was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

Other statutory information (cont'd.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debt or to make any provision for doubtful debt in the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.
- (g) At the reporting date, the Company recorded a shareholder's deficit of RM306,363,000. The holding company has agreed to provide continued financial support to enable the Company to meet its liabilities as and when they fall due.

Significant event

Details of the significant event is disclosed in Note 27 to the financial statements.

**APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022
(CONT'D)**

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

RM'000

Auditors' remuneration 45

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2022.


Ir. Haji Yusoff bin Daud


Dato' Haji Azmi bin Mat Nor

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Ir. Haji Yusoff bin Daud and Dato' Haji Azmi bin Mat Nor, being two of the directors of Sistem Penyuraian Trafik KL Barat Sdn Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 53 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and cash flows for the year then ended

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 June 2022.


Ir. Haji Yusoff bin Daud


Dato' Haji Azmi bin Mat Nor

Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Stephen Low Chee Weng, being the officer primarily responsible for the financial management of Sistem Penyuraian Trafik KL Barat Sdn Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 53 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by
the abovenamed Stephen Low Chee Weng
at Petaling Jaya in the State of Selangor
Darul Ehsan on 1 June 2022.


Stephen Low Chee Weng
MIA CA 13501

Before me,





199701014301 (429797-P)

**Independent auditors' report to the member of
Sistem Penyeruaian Trafik KL Barat Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



199701014301 (429797-P)

**Independent auditors' report to the member of
Sistem Penyuraian Trafik KL Barat Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



199701014301 (429797-P)

Independent auditors' report to the member of
Sistem Penyuralan Trafik KL Barat Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 June 2022

Tan Shium Jye
No. 02991/05/2024 J
Chartered Accountant

**APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022
(CONT'D)**

199701014301 (429797-P)**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)****Statement of comprehensive income
For the year ended 31 March 2022**

	Note	2022 RM'000	2021 RM'000
Revenue	4	171,458	217,292
Other income	5	8,082	10,835
Employee benefits expenses	6	(15,322)	(14,961)
Highway operation expenses		(72,878)	(58,322)
Other expenses		<u>(2,246)</u>	<u>(2,561)</u>
Operating profit		89,094	152,283
Finance costs	7	<u>(93,370)</u>	<u>(105,569)</u>
(Loss)/profit before tax	8	(4,276)	46,714
Income tax expense	9	<u>(952)</u>	<u>(1,335)</u>
Net (loss)/profit for the year, representing total comprehensive (loss)/income for the year		<u>(5,228)</u>	<u>45,379</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022
(CONT'D)**

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of financial position
As at 31 March 2022**

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Plant and equipment	10	6,859	7,882
Highway development expenditure ("HDE")	11	1,236,594	1,295,533
		<u>1,243,453</u>	<u>1,303,415</u>
Current assets			
Sundry receivables	12	47,996	95,300
Amounts due from affiliated companies	21	-	93
Tax receivable		19	131
Cash and bank balances	13	232,686	195,409
		<u>280,701</u>	<u>290,933</u>
Total assets		<u>1,524,154</u>	<u>1,594,348</u>
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	14	50,000	50,000
Accumulated losses		(356,874)	(351,646)
Total shareholder's deficit		<u>(306,874)</u>	<u>(301,646)</u>
Non-current liabilities			
Provision for heavy repairs	15	53,368	52,835
Sundry payables	16	690,765	766,238
Loans and borrowings	17	258,712	328,944
Redeemable unsecured loan stocks ("RULS")	18	585,000	585,000
Deferred revenue	19	9,191	10,460
Retirement benefit obligations	21	2,480	2,225
		<u>1,599,516</u>	<u>1,745,702</u>
Current liabilities			
Provision for heavy repairs	15	1,499	2,384
Sundry payables	16	156,995	86,479
Amounts due to affiliated companies	21	1,170	-
Loans and borrowings	17	70,579	60,179
Deferred revenue	19	1,269	1,250
		<u>231,512</u>	<u>150,292</u>
Total liabilities		<u>1,831,028</u>	<u>1,895,994</u>
Total equity and liabilities		<u>1,524,154</u>	<u>1,594,348</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022
(CONT'D)**

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of changes in equity
For the year ended 31 March 2022**

	Share capital (Note 14) RM'000	Accumulated losses RM'000	Total RM'000
At 1 April 2021	50,000	(351,646)	(301,646)
Total comprehensive loss	-	(5,228)	(5,228)
At 31 March 2022	<u>50,000</u>	<u>(356,874)</u>	<u>(306,874)</u>
At 1 April 2020	50,000	(397,025)	(347,025)
Total comprehensive income	-	45,379	45,379
At 31 March 2021	<u>50,000</u>	<u>(351,646)</u>	<u>(301,646)</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022
(CONT'D)**

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of cash flows
For the year ended 31 March 2022**

	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	(4,276)	46,714
Adjustments for:		
Advance maintenance and licence fees	(903)	(903)
Amortisation of HDE	58,512	41,754
Provision for heavy repairs	-	1,548
Depreciation of plant and equipment	1,264	1,324
Plant and equipment written off	1	1
(Decrease)/increase in provision for short term accumulating compensated absences	(31)	100
Retirement benefit obligations	268	243
Share options granted under ESOS	430	549
Profit element and interest expense on financing activities	93,370	102,441
Unwinding of discount on Government Support Loan (Tranche IV) and Restructured Al-Bai' Bithaman Ajil Islamic Bonds ("BaIDS")	-	3,128
Interest/profit income from		
- fixed deposits	(2,995)	(3,255)
- debt service reserve account	(970)	(2,304)
Operating profit before working capital changes	144,670	191,340
Changes in receivables	47,559	(38,187)
Changes in amounts due to affiliated companies	833	(1,094)
Changes in payables	735	217
Cash generated from operating activities	193,797	152,276
Tax paid	(840)	(1,725)
Retirement benefits paid	(13)	(18)
Net cash generated from operating activities	192,944	150,533
Cash flows from investing activities		
Payment for heavy repairs	(352)	(1,004)
Refund received from excess payment made in prior years	427	-
Purchase of plant and equipment	(242)	(872)
Interest received	3,710	5,411
Withdrawal of fixed deposit held as security	3,181	5,788
Net cash generated from investing activities	6,724	9,323
Cash flows from financing activities		
Finance cost paid	(99,031)	(114,673)
Repayments of loans and borrowings	(60,179)	(140,180)
Net cash used in financing activities	(159,210)	(254,853)

**APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022
(CONT'D)**

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

Statement of cash flows

For the year ended 31 March 2022 (cont'd.)

	2022 RM'000	2021 RM'000
Net increase/(decrease) in cash and cash equivalents	40,458	(94,997)
Cash and cash equivalents at beginning of financial year	144,952	239,949
Cash and cash equivalents at end of financial year (Note 13)	<u>185,410</u>	<u>144,952</u>

(i) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Loans and borrowings (Note 17) RM'000	Accrued interest (Note 16) RM'000	Total RM'000
At 31 March 2022			
At 1 April 2021	389,123	845,292	1,234,415
Repayment of loans and borrowings	(60,179)	-	(60,179)
Finance cost paid	-	(99,031)	(99,031)
Interest expense on Government Support Loan	347	93,271	93,618
Other charges	-	100	100
At 31 March 2022	<u>329,291</u>	<u>839,632</u>	<u>1,168,923</u>
At 31 March 2021			
At 1 April 2020	525,846	857,525	1,383,371
Repayment of loans and borrowings	(140,180)	-	(140,180)
Finance cost paid	-	(114,673)	(114,673)
Interest expense on Government Support Loan and profit rate on Restructured BaIDS	3,457	102,340	105,797
Other charges	-	100	100
At 31 March 2021	<u>389,123</u>	<u>845,292</u>	<u>1,234,415</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

Notes to the financial statements - 31 March 2022

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office is located at 2nd Floor Kompleks Operasi LITRAK KM19, Lebuhraya Damansara-Puchong Bandar Sunway PJS 9, 47500, Subang Jaya, Selangor. The principal place of business is located at Pejabat Operasi SPRINT, KM3, Hubungan Damansara, Lebuhraya SPRINT, Seksyen 17, 46400 Petaling Jaya, Selangor.

The holding company is Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are to design and construct the Western Kuala Lumpur Traffic Dispersal Scheme (the "Highway"), operate and manage the toll operations and maintain the Highway. The Highway comprises Package A (Kerinci Link), Package B (Damansara Link) and Package C (Penchala Link). The Company commenced tolling operations for both Package A and Package B on 9 September 2001 and Package C on 22 March 2004.

On 23 October 1997, the Government of Malaysia (the "Government") awarded the concession for the Highway to the Company for a period of 33 years. On 27 December 2001, the Government revised and approved the extension of the concession period to 36 years from 15 December 1998 to 14 December 2034 in respect of Package A and Package B. The concession period for Package C remained at 33 years from 15 December 1998 to 14 December 2031.

There was no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 June 2022 .

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.1 Basis of preparation

At the reporting date, the Company recorded a shareholder's deficit of RM306,363,000 (2021: RM301,646,000). The holding company has agreed to provide continued financial support to enable the Company to meet its liabilities as and when they fall due.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2021, the Company adopted the following amended standards mandatory for annual periods beginning on or after 1 June 2020, 1 January 2021 and 1 April 2021:

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions
----------------------	-------------------------------------

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
--	--

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
----------------------	--

The adoption of the above amended standards did not have any material impact on the financial statements of the Company.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
------------------------------------	---

The adoption of the above new and amended standards will not have material impact on the financial statements of the Company in the period of initial application.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.4 Highway development expenditure ("HDE")

Highway development expenditure ("HDE") is classified as intangible asset and is measured on initial recognition at cost. Following initial recognition, HDE is carried at cost less accumulated amortisation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.6 to the financial statements.

HDE comprises construction and development expenditure (including interest and fee charges relating to financing of the construction and development of the Highway) incurred by the Company in connection with the Concession.

Upon completion of the construction works of the Highway and commencement of the tolling operations, the cumulative actual expenditure incurred is amortised to profit or loss based on the following formula:

$$\frac{\text{Actual Traffic Volume For The Year}}{\text{Actual Traffic Volume For The Year} + \text{Projected Total Traffic Volume For The Subsequent Years To The End Of Concession Period}} \times \text{Opening HDE Net Carrying Amount Plus Current Year Additions}$$

The projected traffic volume is based on the traffic volume projected by an independent traffic consultant based on a latest available projection study commissioned by the Company.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.5 Plant and equipment (cont'd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

	<u>Useful lives</u>
Computer and communication equipment	10% - 33%
Furniture, fittings and renovation	20% - 33%
Motor vehicles	20%
Office equipment	20%

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss in the period in which it arises.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition, and the categories include loss and financial assets at amortised cost.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are measured using effective interest method. Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company transfers substantially all the risk, reward and control of the assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.8 Impairment of financial assets at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets at amortised cost (cont'd.)

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and have an average maturity below 90 days.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include sundry payables, loans and borrowings, redeemable unsecured loan stocks and amounts due to affiliated companies.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.11 Financial liabilities (cont'd.)

Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.12 Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
- ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- iii) Level 3 - input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.14 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.14 Employee benefits (cont'd.)

(b) Defined contribution plans

The Company participates in the national pension schemes as defined by laws of Malaysia. The Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. The cost of providing benefits under the Scheme is determined using the projected unit credit cost method.

Remeasurements, comprising actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises service costs comprising current service costs, past service costs and gains or losses on curtailments, non-routine settlements and net interest expense or income in profit or loss.

(d) Share-based payments

Lingkar Trans Kota Holdings Berhad ("LITRAK"), a corporate shareholder of the holding company, operates an Employee Share Options Scheme ("ESOS"). The ESOS is an equity-settled, share-based compensation plan, which allows Lingkar Trans Kota Holdings Berhad's and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd's eligible employees and directors to acquire ordinary shares of the corporate shareholder of the holding company.

The total fair value of ESOS granted to eligible employees and directors is recognised as an employee cost with a corresponding increase in the amount due to corporate shareholder of the holding Company. The fair value of ESOS is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.15 Deferred revenue

Deferred revenue comprises the following:

(i) Advance maintenance and licence fees

Fees received from third parties to upkeep the interchange at the Highway and for the exclusive rights to operate and manage ancillary facilities along the Highway, are recognised in profit or loss on a straight-line basis over the remaining Concession Period.

(ii) Government grants

Government grants are recognised at the fair values where there are reasonable assurance that the grant will be received and all conditions attached will be met. The Government grant of the Company relates to the Government support loans obtained at below market interest rate. The difference between the amount received and the present value of estimated cash flows discounted at market interest rate is accounted for as Government grants.

Government grants shall be recognised in profit or loss on effective interest method over the periods in which the Company recognises the finance costs for which the grants are intended to compensate. Amortisation of Government grants is deducted against interest expense from Government support loan in reporting the finance costs.

2.16 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(a) Revenue

(i) Toll collection

Toll collection is recognised at a point in time when the toll is chargeable for the usage of the Highway.

(ii) Government compensation

The amount of Government compensation is recognised at a point in time in profit or loss for the year after taking into consideration the effects of the Concession Agreement.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue and other income recognition (cont'd.)

(b) Other income

(i) Interest/profit income

Interest/profit income is recognised over a time proportion that reflects the effective yield on the asset.

(ii) Advertising income

Advertising income is recognised over time on an accrual basis.

(iii) Licence fee

Licence fee from occupying the ancillary facilities along the Highway is recognised over time on an accrual basis.

2.17 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.17 Income tax (cont'd.)

(b) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

2.18 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.19 Affiliates

Affiliates are subsidiaries, jointly controlled entities and associates of Lingkaran Trans Kota Holdings Berhad, Gamuda Berhad and Kumpulan Perangsang Selangor Berhad, the corporate shareholder of the holding company.

2.20 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

3. Significant accounting judgements and estimates (cont'd.)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Amortisation of highway development expenditure ("HDE")

The cost of HDE is amortised over the Concession Period by applying the formula in Note 2.4 to the financial statements. The denominator of the formula includes projected total traffic volume for the subsequent years to the end of concession period and is based on the latest traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current and future economic growth, toll-demand elasticity, capacity constraint and future infrastructure scheme. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the Company's HDE at the reporting date is disclosed in Note 11 to the financial statements.

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's profit before tax would have been approximately RM586,000 lower or RM574,000 higher (2021: RM408,000 lower or RM401,000 higher), arising mainly as a result of lower/higher expected traffic volume.

4. Revenue

	2022 RM'000	2021 RM'000
Toll collection	105,724	105,277
Government compensation	65,734	112,015
	<u>171,458</u>	<u>217,292</u>

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

5. Other income

	2022 RM'000	2021 RM'000
Interest/profit income		
- fixed deposits	2,995	3,255
- debt service reserve account	970	2,304
Advertising income	3,082	4,186
Advance maintenance and licence fees (Note 19)	903	903
Others	132	187
	<u>8,082</u>	<u>10,835</u>

6. Employee benefits expenses

	2022 RM'000	2021 RM'000
Salaries	10,550	10,182
Defined contribution plan	1,322	1,264
Defined benefit plan (Note 20)	268	243
Social security contributions	165	165
Share options granted under ESOS	430	549
(Decrease)/increase in provision for short term accumulating compensated absences	(31)	100
Other benefits	2,618	2,458
	<u>15,322</u>	<u>14,961</u>

7. Finance costs

	2022 RM'000	2021 RM'000
Net interest expense on Government Support Loan	93,270	98,584
Profit rate on Restructured BaIDS	-	6,885
Others	100	100
	<u>93,370</u>	<u>105,569</u>

Included in net interest expense on Government Support Loan is a Government grant amortisation income amounting to RM347,000 (2021: RM329,000).

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

8. (Loss)/profit before tax

The following amounts have been included in arriving at (loss)/profit before tax:

	2022	2021
	RM'000	RM'000
Auditors' remuneration:		
- current year	45	45
- over provision in prior year	(6)	(7)
Depreciation of plant and equipment (Note 10)	1,264	1,324
Provision for heavy repair (Note 15)	-	1,548
Amortisation of HDE (Note 11)	58,512	41,754
Rental of premises	53	53
Plant and equipment written off (Note 10)	1	1
	<u>1</u>	<u>1</u>

9. Income tax expense

	2022	2021
	RM'000	RM'000
Malaysian income tax:		
- current income tax	952	1,335
	<u>952</u>	<u>1,335</u>

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2022	2021
	RM'000	RM'000
(Loss)/profit before tax	(4,276)	46,714
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(1,026)	11,211
Non-deductible expenses	1,158	940
Utilisation of previously unrecognised unabsorbed capital allowances	-	(10,816)
Deferred tax assets not recognised (Note 22)	820	-
Income tax expense for the year	<u>952</u>	<u>1,335</u>

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

10. Plant and equipment

	Computer and communication equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 March 2022					
Cost					
At 1 April 2021	15,555	7,094	4,447	3,360	30,456
Additions	188	7	7	40	242
Write-offs	(30)	(2)	(4)	(15)	(51)
At 31 March 2022	15,713	7,099	4,450	3,385	30,647
Accumulated depreciation					
At 1 April 2021	8,055	7,063	4,168	3,288	22,574
Charge for the year (Note 8)	1,081	20	127	36	1,264
Write-offs	(29)	(2)	(4)	(15)	(50)
At 31 March 2022	9,107	7,081	4,291	3,309	23,788
Net carrying amount	6,606	18	159	76	6,859

APPENDIX VI – AUDITED FINANCIAL STATEMENTS OF SPRINT FOR THE FYE 31 MARCH 2022 (CONT'D)

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

10. Plant and equipment (cont'd.)

	Computer and communication equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 March 2021					
Cost					
At 1 April 2020	14,920	7,081	4,268	3,323	29,592
Additions	637	17	179	39	872
Write-offs	(2)	(4)	-	(2)	(8)
At 31 March 2021	<u>15,555</u>	<u>7,094</u>	<u>4,447</u>	<u>3,360</u>	<u>30,456</u>
Accumulated depreciation					
At 1 April 2020	6,952	7,025	4,034	3,246	21,257
Charge for the year (Note 8)	1,105	42	134	43	1,324
Write-offs	(2)	(4)	-	(1)	(7)
At 31 March 2021	<u>8,055</u>	<u>7,063</u>	<u>4,168</u>	<u>3,288</u>	<u>22,574</u>
Net carrying amount	<u>7,500</u>	<u>31</u>	<u>279</u>	<u>72</u>	<u>7,882</u>

The plant and equipment are pledged as security for financing facilities as disclosed in Note 17 in the financial statements.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

11. Highway development expenditure ("HDE")

	2022 RM'000	2021 RM'000
Cost		
At beginning of the year	1,998,945	1,998,945
Refund received from excess payment made in prior years	(427)	-
At end of the year	<u>1,998,518</u>	<u>1,998,945</u>
Accumulated amortisation		
At beginning of the year	703,412	661,658
Charge for the year (Note 8)	58,512	41,754
At end of the year	<u>761,924</u>	<u>703,412</u>
Net carrying amount	<u>1,236,594</u>	<u>1,295,533</u>

The highway development expenditure of the Company is pledged as security for financing facilities as disclosed in Note 17 to the financial statements.

12. Sundry receivables

	2022 RM'000	2021 RM'000
Interest receivable	1,023	768
Deposits	107	107
Prepayments	205	132
Other receivables	115	85
Compensation claims receivable from the Government	46,546	94,208
Total sundry receivables	<u>47,996</u>	<u>95,300</u>

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than compensation claims receivable from the Government for the imposition of toll rates lower than those agreed upon amounting to RM46,546,000 (2021: RM94,208,000).

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

12. Sundry receivables (cont'd.)

The following table analyses the financial assets of the Company in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	2022	2021
	RM'000	RM'000
Financial assets at amortised cost		
Total sundry receivables	47,996	95,300
Add: Amounts due from affiliated companies (Note 21)	-	93
Less: Prepayments	(205)	(132)
Add: Cash and bank balances (Note 13)	232,686	195,409
Total financial assets	280,477	290,670

13. Cash and bank balances

	2022	2021
	RM'000	RM'000
Cash on hand and at banks	917	1,219
Deposits with:		
- licensed banks	180,868	139,739
- other financial institutions	3,625	3,994
Debt Service Reserve Account with a licensed bank	47,276	50,457
	232,686	195,409

The Debt Service Reserve Account is maintained pursuant to the terms and conditions stipulated in the Project Account Agreement. Withdrawal of the said balance is subject to endorsement from the Security Trustee, AmInvestment Bank Berhad.

The weighted average profit and interest rates and average maturities of deposits at the reporting date are as follows:

	Weighted average effective profit and interest rates	
	2022	2021
	%	%
Deposits with:		
- licensed banks	2.01	2.03
- other financial institutions	2.03	1.85
Debt Service Reserve Account with a licensed bank	1.80	2.10

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

13. Cash and bank balances (cont'd.)

The weighted average profit and interest rates and average maturities of deposits at the reporting date are as follows: (cont'd.)

	Average maturities	
	2022	2021
	Days	Days
Deposits with:		
- licensed banks	33	19
- other financial institutions	37	41
Debt Service Reserve Account with a licensed bank	91	91

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	2022	2021
	RM'000	RM'000
Cash on hand and at banks	917	1,219
Deposits with licensed banks and other financial institutions	231,769	194,190
	232,686	195,409
Less: Debt Service Reserve Account with a licensed bank	(47,276)	(50,457)
	185,410	144,952

14. Share capital

	Number of shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
Issued and fully paid:				
Ordinary shares				
At the beginning/end of the year	50,000	50,000	50,000	50,000

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

15. Provision for heavy repairs

Provision for heavy repairs relates to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

	2022	2021
	RM'000	RM'000
At beginning of the year	55,219	54,675
Provision for the year (Note 8)	-	1,548
Utilised during the year	(352)	(1,004)
At end of the year	<u>54,867</u>	<u>55,219</u>
Analyse as:		
Current	1,499	2,384
Non-current	53,368	52,835
	<u>54,867</u>	<u>55,219</u>

16. Sundry payables

	2022	2021
	RM'000	RM'000
Current		
Accrued interest	148,867	79,054
Deposits	494	41
Retention sum	90	90
Other payables	7,544	7,294
	<u>156,995</u>	<u>86,479</u>
Non-current		
Accrued interest	<u>690,765</u>	<u>766,238</u>
Total sundry payables	<u>847,760</u>	<u>852,717</u>

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

16. Sundry payables (cont'd.)

The following table analyses the financial liabilities of the Company in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	2022	2021
	RM'000	RM'000
Total sundry payables	847,760	852,717
Add: Loans and borrowings (Note 17)	329,291	389,123
Add: Amounts due to affiliated companies (Note 21)	1,170	-
Total financial liabilities carried at amortised cost	<u>1,178,221</u>	<u>1,241,840</u>

17. Loans and borrowings

	2022	2021
	RM'000	RM'000
Current		
Secured term loans:		
Government Support Loan (Tranche I) (Note 17(a))	35,999	35,999
Government Support Loan (Tranche II) (Note 17(a))	10,400	-
Government Support Loan (Tranche III) (Note 17(b))	23,980	23,980
Government Support Loan (Tranche IV) (Note 17(c))	200	200
	<u>70,579</u>	<u>60,179</u>
Non-current		
Secured term loans:		
Government Support Loan (Tranche I) (Note 17(a))	-	35,999
Government Support Loan (Tranche II) (Note 17(a))	197,600	208,000
Government Support Loan (Tranche III) (Note 17(b))	47,960	71,940
Government Support Loan (Tranche IV) (Note 17(c))	13,152	13,005
	<u>258,712</u>	<u>328,944</u>
Total loans and borrowings	<u>329,291</u>	<u>389,123</u>

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

17. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings at the reporting date are as follows:

	2022	2021
	RM'000	RM'000
Within 1 year	70,579	60,179
More than 1 year and less than 5 years	185,912	187,579
5 years or more	72,800	141,365
	<u>329,291</u>	<u>389,123</u>

The weighted average effective interest rates during the financial year for conventional borrowings not under the basis of Islamic banking principles are as follows:

	2022	2021
	%	%
Government Support Loan (Tranche I)	8.00	8.00
Government Support Loan (Tranche II)	8.00	8.00
Government Support Loan (Tranche III)	8.50	8.50
Government Support Loan (Tranche IV)	<u>7.09</u>	<u>7.09</u>

(a) Government Support Loan Tranche I & Tranche II

In September 2005, the Ministry of Finance approved the restructuring of the Government Support Loans Tranche I and Tranche II.

Tranche I bears an interest of 8% per annum on the original repayment amount due and deferred. Interest payable shall be capitalised and all interest capitalised bears an interest of 8% per annum. Interest accrued shall be paid in seven (7) consecutive annual instalments commencing in August 2016.

Tranche II bears an interest of 8% per annum. Repayment of principal and interest is deferred and shall be paid in five (5) consecutive annual instalments commencing in August 2022.

(b) Government Support Loan Tranche III

Tranche III bears an interest of 8.5% per annum. Interest payable shall be capitalised on a semi-annual basis from the Disbursement Date and all interest capitalised bears interest at 8.5% per annum. Interest accrued shall be paid in ten (10) consecutive semi-annual instalments commencing in June 2020.

(c) Government Support Loan Tranche IV

Tranche IV bears a fixed interest rate of 4% per annum. Repayment of principal and interest accrued shall be paid in fourteen (14) consecutive annual instalments commenced in August 2012.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

17. Loans and borrowings (cont'd.)

(d) Restructured Al-Bai' Bithaman Ajil Islamic Bonds ("BaIDS")

	2022	2021
	RM'000	RM'000
Primary BaIDS	-	-
Secondary BaIDS	-	371,358
	<u>-</u>	<u>371,358</u>
Less: Unamortised discount and secondary BaIDS	-	(371,358)
	<u>-</u>	<u>-</u>

Unamortised discount and secondary BaIDS are represented by:

	2022	2021
	RM'000	RM'000
Secondary BaIDS and discount on primary BaIDS	-	374,486
Less: Amortised during the year	-	(3,128)
Unamortised discount and secondary BaIDS	<u>-</u>	<u>371,358</u>

On 29 December 2005, the Company substituted and replaced the previous RM510 million BaIDS Facility which was initially issued on 6 August 2001 with a Restructured BaIDS Facility via a Supplemental BaIDS Trust Deed dated 23 December 2005.

The primary Restructured BaIDS comprised 5 tranches, with total proceeds of RM418,279,000 and maturing semi-annually from year 2016 to year 2020, with total redemption value of RM510,000,000. The coupon rate ranges from 3.00% to 6.30% per annum. The difference between the proceeds and face value of the Restructured BaIDS was recognised as discount on Restructured BaIDS.

The secondary Restructured BaIDS represents the profit element attributable to the Restructured BaIDS and is paid half-yearly in ranges from RM15,300,000 to RM32,130,000.

The discount on Restructured BaIDS was recognised as profit rate over the tenure of the Restructured BaIDS's tranche.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

18. Redeemable unsecured loan stocks ("RULS")

	2022	2021
	RM'000	RM'000
At beginning/end of the year	<u>585,000</u>	<u>585,000</u>

The main features of the RULS are as follows:

- (a) The RULS are cumulative and redeemable out of the net cash flow of the Company subject to the availability of funds from toll collection and interest on cash deposits less all operating expenses, tax and debt service.
- (b) The RULS were subscribed in accordance with the Letters of Undertaking dated 19 April 1999 and 21 December 2005 between the Company and its holding company.
- (c) The interest on RULS is payable semi-annually in arrears on 30 September and 31 March every year upon commencement of tolling. Payment of interest will be warranted by sufficient net cash flow less Debt Service Reserve. Debt Service Reserve represents funds set aside for the repayment of loans and borrowings for the subsequent six months as required by the Project Account Agreement with effect from 2004.

19. Deferred revenue

	2022	2021
	RM'000	RM'000
Advance maintenance and licence fees		
Cost		
At beginning/end of the year	<u>17,930</u>	<u>17,930</u>
Accumulated amortisation		
At beginning of the year	7,151	6,248
Recognised in profit or loss (Note 5)	903	903
At end of the year	<u>8,054</u>	<u>7,151</u>
Net carrying amount	<u>9,876</u>	<u>10,779</u>

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

19. Deferred revenue (cont'd.)

	2022 RM'000	2021 RM'000
Government grant received		
Cost		
At beginning/end of the year	<u>3,605</u>	<u>3,605</u>
Accumulated amortisation		
At beginning of the year	2,674	2,345
Recognised in profit or loss (Note 7)	347	329
At end of the year	<u>3,021</u>	<u>2,674</u>
Net carrying amount	<u>584</u>	<u>931</u>
Total balance of unrecognised deferred revenue	<u>10,460</u>	<u>11,710</u>
Analysed as:		
Non-current	9,191	10,460
Current	1,269	1,250
Total	<u>10,460</u>	<u>11,710</u>

20. Retirement benefits obligations

The Company operates an unfunded Retirement Benefits Scheme (the "Scheme") for eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed month of service on attainment of the retirement age of 60 (2021: 60).

The amounts recognised in the financial statements are determined as follows:

(i) Statement of financial position

	2022 RM'000	2021 RM'000
Present value of unfunded defined benefit obligations, net liability	<u>2,480</u>	<u>2,225</u>
Analysed as:		
Non-current:		
Later than 5 years	<u>2,480</u>	<u>2,225</u>

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

20. Retirement benefits obligations (cont'd.)

The amounts recognised in the financial statements are determined as follows: (cont'd.)

(ii) Statement of comprehensive income

	2022 RM'000	2021 RM'000
Current service cost	160	146
Interest cost	108	97
Total, included in employee benefits expense (Note 6)	<u>268</u>	<u>243</u>

Movements in the net liability in the current year are as follows:

	2022 RM'000	2021 RM'000
At beginning of the year	2,225	2,000
Recognised in profit or loss (Note 6)	268	243
Benefits paid	(13)	(18)
At end of the year	<u>2,480</u>	<u>2,225</u>

Principal actuarial assumptions used:

	2022 %	2021 %
Discount rate	4.9	4.9
Expected rate of salary increases	<u>6.0</u>	<u>6.0</u>

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as of the end of the reporting period, with all other assumptions held constant:

	Sensitivity	RM'000
Discount rate	+1%	(255)
	-1%	309
Expected rate of employees' salary increases	+1%	303
	-1%	<u>(255)</u>

21. Amounts due from/(to) affiliated companies

The amounts due from/(to) affiliated companies are non-trade in nature, unsecured, interest free and repayable on demand.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

22. Deferred taxation

	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	273,705	285,807
Deferred tax assets	(273,705)	(285,807)
	<u>-</u>	<u>-</u>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Plant and machinery RM'000	Highway develop- ment expenditure RM'000	Total RM'000
At 1 April 2021	531	285,276	285,807
Recognised in profit or loss	55	(12,157)	(12,102)
At 31 March 2022	<u>586</u>	<u>273,119</u>	<u>273,705</u>
At 1 April 2020	534	293,338	293,872
Recognised in profit or loss	(3)	(8,062)	(8,065)
At 31 March 2021	<u>531</u>	<u>285,276</u>	<u>285,807</u>

Deferred tax assets

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 April 2021	(50,467)	(235,340)	(285,807)
Recognised in profit or loss	-	12,102	12,102
At 31 March 2022	<u>(50,467)</u>	<u>(223,238)</u>	<u>(273,705)</u>
At 1 April 2020	(50,467)	(243,405)	(293,872)
Recognised in profit or loss	-	8,065	8,065
At 31 March 2021	<u>(50,467)</u>	<u>(235,340)</u>	<u>(285,807)</u>

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

22. Deferred taxation (cont'd.)

In accordance with the provision in Finance Act 2018, effective from year assessment 2018, the unutilised tax losses are available for the utilisation in the next seven years, for which, any excess at the end of the seventh year will be disregarded. However, based on the Finance Act 2021 which was gazetted on 31 December 2021, the period to carry forward the unutilised business losses has been extended to ten years of assessment effective from year of assessment 2019 as follows:

	2022	2021
	RM'000	RM'000
Utilisation period		
7 years	50,467	-
4 years	-	50,467
	<u> </u>	<u> </u>

Deferred tax assets have not been recognised in respect of the following items:

	2022	2021
	RM'000	RM'000
Unabsorbed capital allowances	<u>41,590</u>	<u>38,172</u>

23. Significant related party transactions

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Company and related parties took place during the financial year:

	2022	2021
	RM'000	RM'000
ESOS charged by LITRAK	<u>430</u>	<u>549</u>

The directors are of the opinion that the transactions above has been entered into in the normal course of business and has been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances with related parties as at 31 March 2022 and 2021 are disclosed in Note 21 to the financial statements.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

23. Significant related party transactions (cont'd.)

(b) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2022	2021
	RM'000	RM'000
Short-term employee benefits	1,306	1,070
Defined contribution plans	130	107
	<u>1,436</u>	<u>1,177</u>

24. Fair value of financial instruments

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair values except for the following:

	Note	Principal	2022 Interest	Fair value
31 March 2022				
Government Support Loan (Tranche I)	17(a)	35,999	14,724	53,359
Government Support Loan (Tranche II)	17(a)	208,000	611,191	873,983
Government Support Loan (Tranche III)	17(b)	71,940	159,251	233,775
Government Support Loan (Tranche IV)	17(c)	<u>13,352</u>	<u>-</u>	<u>13,009</u>
31 March 2021				
Government Support Loan (Tranche I)	17(a)	71,998	29,448	106,842
Government Support Loan (Tranche II)	17(a)	208,000	550,511	812,252
Government Support Loan (Tranche III)	17(b)	95,920	212,335	312,777
Government Support Loan (Tranche IV)	17(c)	<u>13,205</u>	<u>-</u>	<u>12,811</u>

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

24. Fair value of financial instruments (cont'd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Sundry receivables, sundry payables and amounts due from affiliated companies

The carrying amounts approximate fair value due to the relatively short term maturity of these financial instruments.

(b) Loans and borrowings

The fair values of these financial instruments are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

(c) RULS

The carrying amounts is measured at amortised cost using the effective interest method.

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statements of financial position are as follows:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 - inputs that are significant to the fair value measurement are unobservable.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

24. Fair value of financial instruments (cont'd.)

Fair value hierarchy (cont'd.)

As at reporting date, the Company's fair values for loans and borrowings are measured at Level 2 hierarchy.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

			Fair value measurement using		
			Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant un- observable inputs (Level 3) RM'000
	Notes	Total RM'000			
31 March 2022					
Liabilities for which fair values are disclosed					
Loans and borrowings					
Government support loan (Tranche I)	17(a)	53,359	-	53,359	-
Government support loan (Tranche II)	17(a)	873,983	-	873,983	-
Government support loan (Tranche III)	17(b)	233,775	-	233,775	-
Government support loan (Tranche IV)	17(c)	13,009	-	13,009	-
31 March 2021					
Liabilities for which fair values are disclosed					
Loans and borrowings					
Government support loan (Tranche I)	17(a)	106,842	-	106,842	-
Government support loan (Tranche II)	17(a)	812,252	-	812,252	-
Government support loan (Tranche III)	17(b)	312,777	-	312,777	-
Government support loan (Tranche IV)	17(c)	12,811	-	12,811	-

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

25. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The carrying amounts of financial assets at the reporting date represent the Company's maximum exposure to credit risk.

The Company does not have significant exposure to a single counterparty nor does it have any major concentration of credit risks related to any financial assets, other than as disclosed in Note 12 to the financial statements.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortages of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company manages its debt maturity profile as disclosed in the analysis below, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible instruments to ensure sufficient cash is being kept to meet debt service obligations and covenants, highway enhancement expenses and operating expenses. In addition, the Company strives to maintain available banking facility at a reasonable level to its overall debt position.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

25. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	-----2022-----			
	On demand or within one year RM'000	One to four years RM'000	More than four years RM'000	Total RM'000
Financial liabilities:				
Other payables	156,995	474,209	216,556	847,760
Borrowings				
- Principal	70,579	185,912	72,800	329,291
- Interest	72,564	210,972	23,149	306,685
Total undiscounted financial liabilities	<u>300,138</u>	<u>871,093</u>	<u>312,505</u>	<u>1,483,736</u>
	-----2021-----			
	On demand or within one year RM'000	One to four years RM'000	More than four years RM'000	Total RM'000
Financial liabilities:				
Other payables	86,479	382,624	383,614	852,717
Borrowings				
- Principal	60,179	187,579	141,365	389,123
- Interest	60,580	309,788	64,688	435,056
Total undiscounted financial liabilities	<u>207,238</u>	<u>879,991</u>	<u>589,667</u>	<u>1,676,896</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the interest-bearing assets that are obtained for construction of highway projects.

199701014301 (429797-P)

**Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)**

25. Financial risk management objectives and policies (cont'd.)

(c) Interest rate risk (cont'd.)

The surplus cash from operations are placed with approved licensed financial institutions.

The Company obtained its financing through Restructured BaIDS and Government Support Loans. The information relating to the terms and maturity dates of loans and borrowings are disclosed in Note 17 in the financial statements.

The Company has no exposure to significant interest rate risk as the fixed rate debts were entered into by the Company in order to minimise fluctuations in interest rates.

26. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, refinance existing borrowings, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 31 March 2021.

The loans and borrowings of the Company are subjected to several financial covenants including maintaining a prescribed debt service cover ratio of at least 1.50. The Company has complied with these covenants during the reporting period.

27. Significant event

COVID-19 pandemic

Since March 2020, the outbreak of COVID-19 pandemic has significantly impacted the economic performance globally, including Malaysia. The Government had implemented various phases of Movement Control Order ("MCO") including Conditional MCO ("CMCO") in Selangor from the beginning of the financial year. This was revised to Full MCO ("FMCO") on 1 June 2021 due to resurgence of COVID-19 cases. With the stricter containment measures in place, the Company has recorded lower traffic volume for the first and second quarters of the financial year.

199701014301 (429797-P)

Sistem Penyuraian Trafik KL Barat Sdn. Bhd.
(Incorporated in Malaysia)

27. Significant event (cont'd.)

COVID-19 pandemic (cont'd.)

Following the introduction of National Recovery Plan ("NRP") on 15 June 2021 by the Government and the improvement of capacity of public health system coupled with increase in vaccination rate, the economic activities were gradually re-opened and the relaxing of MCO containment measures had boosted the economic recovery momentum. The Company's results rebounded in the third and fourth quarters of the financial year following the relaxation of movement restrictions and resumption of economic activities announced by the Government.

Despite the challenging outlook, the Company continues to closely monitor the related risks and impact on its businesses to ensure long term business prospects of the Company remains stable. The Company is also taking the necessary steps to mitigate the effects of the ongoing COVID-19 pandemic and proactively addresses developments in order to best manage the effects on its businesses.

28. Comparative figures

The comparative figures have been restated to reflect the reclassification between current and non-current liabilities of deferred revenue.

The effect of the above adjustment item is as follows:

	As previously		
	stated	Adjustments	As restated
	RM'000	RM'000	RM'000
Deferred revenue			
Non-current	(11,710)	1,250	(10,460)
Current	-	(1,250)	(1,250)
	<u> </u>	<u> </u>	<u> </u>

**LINGKARAN TRANS KOTA SDN. BHD.
199501023849 (353053-W)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements
31 March 2022**

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

Contents	Page
Directors' report	1 - 4
Statement by directors	5
Statutory declaration	5
Independent auditors' report	6 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13 - 15
Notes to the financial statements	16 - 53

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2022.

Principal activities

The principal activities of the Company are to design, construct, operate and maintain Lebuhraya Damansara-Puchong (the "Highway") and to manage its toll operations under a Concession from the Government of Malaysia (the "Government") based on the arrangement as elaborated further in Note 27 to the financial statements.

Result

	RM'000
Profit for the year	<u>167,003</u>

There was no material transfer to or from reserves or provisions during the financial year.

In the opinion of the directors, the result of the operations of the Company during the financial year was not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The amount of dividends declared and paid by the Company since 31 March 2021 were as follows:

	RM'000
In respect of the financial year ended 31 March 2022:	
First interim single-tier dividend of 108 sen, on 50,000,000 ordinary shares, declared on 25 August 2021 and paid on 21 September 2021	54,000
Second interim single-tier dividend of 160 sen, on 50,000,000 ordinary shares, declared on 24 February 2022 and paid on 18 March 2022	<u>80,000</u>
	<u>134,000</u>

The directors do not recommend the payment of any final dividend in respect of the current financial year.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ir Haji Yusoff bin Daud
Dato' Haji Azmi bin Mat Nor

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Scheme ("ESOS") of Lingkaran Trans Kota Holdings Berhad.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than remuneration received by directors from its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' indemnity

No indemnity has been given or insurance premiums paid by the Company, during or since the end of the financial year, for any person who is or has been the director of the Company. However the holding company maintained a Directors' Liability Insurance throughout the year, which provides appropriate insurance cover for the directors of the Company.

Directors' interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company.

Pursuant to the Section 59(3) of the Companies Act 2016, the beneficial interests of directors are disclosed in the Directors' Report of the holding company, Lingkaran Trans Kota Holdings Berhad, where the directors of the Company are also the directors of the holding company.

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

Holding company

The holding company is Lingkar Trans Kota Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Other statutory information

- (a) Before the financial statements of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision has been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.

199501023849 (353053-W)

Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the result of the operations of the Company for the financial year in which this report is made.

Significant event

Details of the significant event is disclosed in Note 31 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

	RM'000
Auditors' remuneration	<u>66</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

Signed by the directors in accordance with a resolution of the directors dated 1 June 2022.


Ir Haji Yusoff bin Daud


Dato' Haji Azmi bin Mat Nor

199501023849 (353053-W)

Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Ir Haji Yusoff bin Daud and Dato' Haji Azmi bin Mat Nor, being the two directors of Lingkar Trans Kota Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 53 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of its financial performance and cash flows for the year then ended.

Signed by the directors in accordance with a resolution of the directors dated 1 June 2022.


Ir Haji Yusoff bin Daud


Dato' Haji Azmi bin Mat Nor

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Stephen Low Chee Weng, being the officer primarily responsible for the financial management of Lingkar Trans Kota Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 53 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Stephen Low Chee Weng
at Petaling Jaya in the State of Selangor
Darul Ehsan on 1 June 2022.


Stephen Low Chee Weng
MIA CA 13501

Before me,





Ernst & Young PLT
20200600001 (LLP002/NO/CA) & AF 8039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Millenium
Jalan Damansara
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

199501023849 (353053-W)

Independent auditors' report to the member of
Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lingkaran Trans Kota Sdn. Bhd., which comprise the statement of financial position as at 31 March 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 53.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.



199501023849 (353053-W)

**Independent auditors' report to the member of
Lingkaran Trans Kota Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



199501023849 (353053-W)

Independent auditors' report to the member of
Lingkaran Trans Kota Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.



199501023849 (353053-W)

Independent auditors' report to the member of
Lingkaran Trans Kota Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 June 2022

Tan Shium Jye
No. 02991/05/2024 J
Chartered Accountant

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of comprehensive income
For the year ended 31 March 2022**

	Note	2022 RM'000	2021 RM'000
Revenue	4	400,932	392,827
Employee benefits expenses	5	(19,921)	(20,946)
Maintenance expenses		(12,692)	(14,251)
Depreciation and amortisation	10, 11 & 12	(96,272)	(74,612)
Other expenses		(9,392)	(8,770)
		<u>(138,277)</u>	<u>(118,579)</u>
		262,655	274,248
Other income	6	10,314	11,053
Finance costs	7	(26,849)	(39,856)
Profit before tax	8	<u>246,120</u>	<u>245,445</u>
Income tax expense	9	(79,117)	(60,995)
Profit for the year, representing total comprehensive income for the year		<u>167,003</u>	<u>184,450</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of financial position
As at 31 March 2022**

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Highway development expenditure ("HDE")	10	995,643	1,091,149
Plant and equipment	11	1,269	1,384
Other intangible assets	12	695	847
		<u>997,607</u>	<u>1,093,380</u>
Current assets			
Sundry receivables	13	97,238	81,532
Amount due from holding company	14	-	389
Amount due from a related company	14	1,021	36
Tax recoverable		-	898
Cash and bank balances	15	531,418	617,539
		<u>629,677</u>	<u>700,394</u>
Total assets		<u>1,627,284</u>	<u>1,793,774</u>
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	16	50,000	50,000
Retained earnings	17	942,555	909,552
Total equity		<u>992,555</u>	<u>959,552</u>
Liabilities			
Non-current liabilities			
Deferred revenue	18	10,022	11,584
Deferred tax liabilities	19	169,479	178,653
Sukuk Musyarakah Medium Term Notes ("IMTNs")	20	188,349	385,254
Retirement benefit obligations	21	5,867	5,342
Provision for heavy repairs	22	22,476	20,307
		<u>396,193</u>	<u>601,140</u>
Current liabilities			
Deferred revenue	18	1,562	1,562
Provision for heavy repairs	22	1,923	4,624
Amount due to holding company	14	131	-
Sukuk Musyarakah Medium Term Notes ("IMTNs")	20	200,000	200,000
Sundry payables	23	20,536	26,896
Tax payable		14,384	-
		<u>238,536</u>	<u>233,082</u>
Total liabilities		<u>634,729</u>	<u>834,222</u>
Total equity and liabilities		<u>1,627,284</u>	<u>1,793,774</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of changes in equity
For the year ended 31 March 2022**

		Distributable	
		Share capital	Retained earnings
	Note	(Note 16)	(Note 17)
		RM'000	RM'000
			Total equity RM'000
At 1 April 2021		50,000	909,552
Total comprehensive income		-	167,003
Dividends	24	-	(134,000)
At 31 March 2022		50,000	942,555
At 1 April 2020		50,000	795,102
Total comprehensive income		-	184,450
Dividends	24	-	(70,000)
At 31 March 2021		50,000	909,552

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of cash flows
For the year ended 31 March 2022**

	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	246,120	245,445
Adjustments for:		
Amortisation of HDE	95,610	73,821
Amortisation of other intangible assets	202	197
Depreciation of plant and equipment	460	594
Plant and equipment written off	2	3
Other intangible assets written off	-	3
Gain on disposal of plant and equipment	(30)	(92)
Deferred revenue recognised	(1,562)	(1,562)
Profit element and other charges on IMTNs	23,754	35,343
Unwinding of discount on IMTNs	3,095	4,513
Interest income from fixed deposits	(3,951)	(2,854)
Profit on Islamic investment	(5,511)	(6,855)
Reversal of provision for doubtful debts	-	(260)
Share options granted under ESOS	1,107	1,389
(Decrease)/increase in provision for short term accumulating compensated absences	(88)	194
Provision for retirement benefits	603	555
Operating profit before working capital changes	<u>359,811</u>	<u>350,434</u>
Changes in receivables	(16,364)	41,142
Changes in payables	(917)	(1,666)
Changes in amount due (to)/from holding company	(587)	(1,826)
Changes in amount due from a related company	(985)	389
Cash generated from operations	<u>340,958</u>	<u>388,473</u>
Income tax paid	(73,009)	(71,628)
Retirement benefits paid	(78)	(32)
Net cash generated from operating activities	<u>267,871</u>	<u>316,813</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	30	92
Purchase of plant and equipment	(347)	(538)
Purchase of other intangible assets	(50)	-
Payments for heavy repairs	(532)	(781)
Interest income received from fixed deposits	3,979	2,247
Profit received from Islamic investment	6,141	6,730
Payments for HDE	(104)	(226)
Net cash generated from investing activities	<u>9,117</u>	<u>7,524</u>

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the year ended 31 March 2022 (cont'd.)

	2022	2021
	RM'000	RM'000
Cash flows from financing activities		
Repayment of IMTNs	(200,000)	(200,000)
Dividends paid	(134,000)	(70,000)
Profit element and fees paid on IMTNs	(29,109)	(40,611)
Net cash used in financing activities	<u>(363,109)</u>	<u>(310,611)</u>
Net changes in cash and cash equivalents	(86,121)	13,726
Cash and cash equivalents at beginning of the year	617,539	603,813
Cash and cash equivalents at end of the year (Note 15)	<u>531,418</u>	<u>617,539</u>

(i) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	IMTNs	Accrued	
	(Note 20)	profit	
	RM'000	element	
		on IMTNs	Total
		(Note 23)	RM'000
		RM'000	
At 31 March 2022			
At 1 April 2021	585,254	16,065	601,319
Repayment of IMTNs	(200,000)	-	(200,000)
Profit element and fees paid on IMTNs	-	(29,109)	(29,109)
Unwinding of discount and profit element on IMTNs (Note 7)	3,095	23,645	26,740
Other charges (Note 7)	-	109	109
At 31 March 2022	<u>388,349</u>	<u>10,710</u>	<u>399,059</u>
At 31 March 2021			
At 1 April 2020	780,741	21,333	802,074
Repayment of IMTN I	(200,000)	-	(200,000)
Profit element and fees paid on IMTNs	-	(40,611)	(40,611)
Unwinding of discount and profit element on IMTNs (Note 7)	4,513	35,232	39,745
Other charges (Note 7)	-	111	111
At 31 March 2021	<u>585,254</u>	<u>16,065</u>	<u>601,319</u>

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

**Statement of cash flows
For the year ended 31 March 2022 (cont'd.)**

(ii) Reconciliation of additions of HDE to cash flows arising from investing activities:

	2022	2021
	RM'000	RM'000
Additions of HDE (Note 10)	104	195
<i>Add:</i>		
Payment for previous year acquisition	-	31
	<u>104</u>	<u>226</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

Notes to the financial statements - 31 March 2022

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company are located at 2nd Floor, Kompleks Operasi LITRAK, KM 19 Lebuhraya Damansara-Puchong, Bandar Sunway PJS 9, 47500 Subang Jaya, Selangor Darul Ehsan.

The holding company is Lingkar Trans Kota Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are to design, construct, operate and maintain Lebuhraya Damansara-Puchong (the "Highway") and to manage its toll operations under a Concession from the Government of Malaysia (the "Government") based on the arrangement as elaborated further in Note 27 to the financial statements.

There was no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 June 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2021, the Company adopted the following amended standards mandatory for annual periods beginning on or after 1 June 2020, 1 January 2021 and 1 April 2021:

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions
----------------------	-------------------------------------

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
--	--

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
----------------------	--

2.3 Standards issued but not yet effective

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
---------------------------------------	--

The adoption of the above new and amended standards will not have material impact on the financial statements of the Company in the period of initial application.

2.4 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.4 Plant and equipment (cont'd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Renovation	33 1/3%
Furniture and fittings	20%
Office equipment	20%
Operation tools and equipment	20% to 33 1/3%
Motor vehicles	20%
Computer equipment	10%

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Highway development expenditure ("HDE")

Highway development expenditure ("HDE") is classified as intangible asset and is measured on initial recognition at cost. Following initial recognition, HDE is carried at cost less accumulated amortisation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.7.

HDE comprises construction and development expenditure (including interest and fee charges relating to the financing of the construction and development of the Highway) incurred by the Company in connection with the Concession.

Upon completion of the construction works of the Highway and commencement of the tolling operations, the cumulative actual expenditure incurred is amortised to profit or loss based on the following formula:

$$\frac{\text{Actual Traffic Volume For The Year}}{\text{Actual Traffic Volume For The Year Plus Projected Total Traffic Volume For The Subsequent Years To The End Of Concession Period}} \times \text{Opening HDE Net Carrying Amount Plus Current Year Additions}$$

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.5 Highway development expenditure ("HDE") (cont'd.)

The projected traffic volume is based on the traffic volume projected by an independent traffic consultant based on a latest available projection study commissioned by the Company.

2.6 Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, other intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.7.

The useful lives of other intangible assets are assessed to be either finite or indefinite. Other intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired.

The amortisation period and the amortisation method for other intangible assets with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on other intangible assets with finite lives are recognised in profit or loss.

The following annual amortisation rate is applied:

Computer software and licences	10%
--------------------------------	-----

Gains or losses arising from derecognition of other intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment loss is recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial assets at amortised cost

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.8 Financial assets at amortised cost (cont'd.)

The Company determines the classification of its financial assets at initial recognition, and the category includes financial assets at amortised cost.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are measured using the effective interest method. Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company transfer substantially all the risk, reward and control of the assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.9 Impairment of financial assets at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.9 Impairment of financial assets at amortised cost (cont'd.)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand, demand deposits with a maturity of three months or less and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.11 Deferred revenue

Deferred revenue comprises fees received from third parties for the use of ancillary facilities along the Highway, which is recognised in profit or loss on a straight-line basis over the Concession Period as disclosed in Note 27 to the financial statements.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.12 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include amount due to holding company, sundry payables and IMTNs.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

IMTN is classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.14 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.15 Employee benefits

(a) Short term benefits

Salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of Malaysia. The Company makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Defined benefit plans

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. The cost of providing benefits under the Scheme is determined using the projected unit credit cost method.

Re-measurements, comprising actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.15 Employee benefits (cont'd.)

(c) Defined benefit plans (cont'd.)

The Company recognises service costs comprising current service costs, past service costs and gains or losses on curtailments, non-routine settlements and net interest expense or income in profit or loss.

(d) Share based payments

Lingkaran Trans Kota Holdings Berhad, the holding company operates an Employee Share Option Scheme ("ESOS"). The ESOS is an equity-settled, share-based compensation plan, allows eligible employees and directors to acquire ordinary shares of the holding company.

The total fair value of share options granted to eligible employees is recognised as an employee cost with a corresponding increase in the amount due to holding company. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

2.16 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(i) Revenue

(a) Toll revenue

Toll revenue includes toll collection and Government compensation. Toll collection is recognised at point in time when the toll is chargeable for the usage of the Highway.

The amount of Government compensation are recognised at point in time in profit or loss for the year after taking into consideration the effects of the Concession Agreement as disclosed in Note 27 to the financial statements.

(b) Advertising income

Advertising income is recognised over time on an accrual basis.

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue and other income recognition (cont'd.)

(i) Revenue (cont'd.)

(c) Licence fee

Licence fee from occupying the ancillary facilities along the Highway is recognised over time on an accrual basis.

(ii) Other income

Interest income

Interest income is recognised over time proportion that reflects the effective yield on the asset.

2.17 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.17 Income tax (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
- ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- iii) Level 3 - input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Amortisation of highway development expenditure ("HDE")

The cost of HDE is amortised over the Concession Period by applying the formula in Note 2.5 to the financial statements. The denominator of the formula includes projected total traffic volume for the subsequent years to the end of concession period and is based on the latest available base case traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economical conditions, toll-demand elasticity, future infrastructure scheme and peak hour factor. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the Company's HDE at the reporting date is disclosed in Note 10 to the financial statements.

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's profit before tax would have been approximately RM859,000 (2021: RM698,000) lower/higher, arising mainly as a result of lower/higher expected traffic volume.

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

4. Revenue

	2022	2021
	RM'000	RM'000
Toll revenue	396,200	387,757
Advertising income	2,776	3,156
Licence fee (Note 18)	1,562	1,562
Others	394	352
	<u>400,932</u>	<u>392,827</u>

Included in toll revenue of the Company is an amount of RM127,985,000 (2021: RM125,273,000), representing the compensation claim from the Government for the imposition of toll rates lower than those as provided for in the Concession Agreement as described further in Note 27 to the financial statements.

5. Employee benefits expenses

	2022	2021
	RM'000	RM'000
Salaries	11,533	12,457
(Decrease)/increase in provision for short term accumulating compensated absences	(88)	194
Defined contribution plan	1,693	1,686
Defined benefit plan (Note 21)	603	555
Share options granted under ESOS	1,107	1,389
Social security contributions	211	218
Other benefits	4,862	4,447
	<u>19,921</u>	<u>20,946</u>

6. Other income

	2022	2021
	RM'000	RM'000
Interest income from fixed deposits	3,951	2,854
Profit on Islamic investment	5,511	6,855
Others	852	1,344
	<u>10,314</u>	<u>11,053</u>

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

7. Finance costs

	2022	2021
	RM'000	RM'000
Profit element on IMTNs	23,645	35,232
Unwinding of discount on IMTNs	3,095	4,513
Others	109	111
	<u>26,849</u>	<u>39,856</u>

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

	2022	2021
	RM'000	RM'000
Auditors' remuneration		
- current year	66	63
- under provision in prior year	3	3
Amortisation of HDE (Note 10)	95,610	73,821
Amortisation of other intangible assets (Note 12)	202	197
Depreciation of plant and equipment (Note 11)	460	594
Plant and equipment written off	2	3
Other intangible assets written off	-	3
Gain on disposal of plant and equipment	(30)	(92)
Reversal of provision for doubtful debts (Note 13)	-	(260)
Deferred revenue recognised (Note 18)	(1,562)	(1,562)
	<u>(1,562)</u>	<u>(1,562)</u>

9. Income tax expense

	2022	2021
	RM'000	RM'000
Malaysian income tax:		
- current income tax	88,339	64,923
- (over)/under provision in prior year	(48)	240
	<u>88,291</u>	<u>65,163</u>
Deferred tax (Note 19):		
- relating to reversal of temporary differences	(9,194)	(4,168)
- under provision in prior year	20	-
	<u>(9,174)</u>	<u>(4,168)</u>
Income tax expense recognised in profit or loss	<u>79,117</u>	<u>60,995</u>

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

9. Income tax expense (cont'd.)

Current income tax is calculated at the statutory tax rate of 24% and 33% (2021: 24%) of the estimated assessable profit for the year. The Government has introduced Cukai Makmur which is a special one-off tax on companies which have chargeable income above RM100 million in the Year of Assessment 2022. The first RM100 million chargeable income will continue to be taxed at the current rate of 24% and amounts in excess of RM100 million taxed at 33%.

Reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	2022	2021
	RM'000	RM'000
Profit before tax	246,120	245,445
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	59,069	58,907
Effects of increase in statutory tax rate of 33%	17,547	-
Expenses not deductible for tax purposes	2,529	1,848
(Over)/under provision of income tax expense in prior year	(48)	240
Under provision of deferred tax in prior year	20	-
Income tax expense recognised in profit or loss	<u>79,117</u>	<u>60,995</u>

10. Highway development expenditure ("HDE")

	2022	2021
	RM'000	RM'000
Cost		
At beginning of the year	2,178,127	2,177,932
Additions	104	195
At end of the year	<u>2,178,231</u>	<u>2,178,127</u>
Accumulated amortisation		
At beginning of the year	1,086,978	1,013,157
Amortisation for the year (Note 8)	95,610	73,821
At end of the year	<u>1,182,588</u>	<u>1,086,978</u>
Net carrying amount	<u>995,643</u>	<u>1,091,149</u>

The highway development expenditure of the Company is pledged for the financing facilities as disclosed in Note 20 to the financial statements.

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

11. Plant and equipment

	Renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Operation tools and equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
At 31 March 2022							
Cost							
At 1 April 2021	1,634	1,569	3,389	2,467	6,641	1,895	17,595
Additions	-	18	108	13	175	33	347
Disposals	-	-	-	-	(150)	-	(150)
Write-offs	-	(3)	(32)	(3)	-	-	(38)
At 31 March 2022	1,634	1,584	3,465	2,477	6,666	1,928	17,754
Accumulated depreciation							
At 1 April 2021	1,630	1,522	3,120	2,364	6,232	1,343	16,211
Charge for the year (Note 8)	4	25	133	8	194	96	460
Disposals	-	-	-	-	(150)	-	(150)
Write-offs	-	(3)	(30)	(3)	-	-	(36)
At 31 March 2022	1,634	1,544	3,223	2,369	6,276	1,439	16,485
Net carrying amount	-	40	242	108	390	489	1,269

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

11. Plant and equipment (cont'd.)

	Renovation RM'000	Furniture and fittings RM'000	Office equipment RM'000	Operation tools and equipment RM'000	Motor vehicles RM'000	Computer equipment RM'000	Total RM'000
At 31 March 2021							
Cost							
At 1 April 2020	1,634	1,567	3,409	2,451	7,211	1,687	17,959
Additions	-	8	136	22	154	218	538
Disposals	-	-	-	-	(704)	-	(704)
Write-offs	-	(6)	(156)	(6)	(20)	(10)	(198)
At 31 March 2021	1,634	1,569	3,389	2,467	6,641	1,895	17,595
Accumulated depreciation							
At 1 April 2020	1,599	1,495	3,080	2,352	6,760	1,230	16,516
Charge for the year (Note 8)	31	33	195	16	196	123	594
Disposals	-	-	-	-	(704)	-	(704)
Write-offs	-	(6)	(155)	(4)	(20)	(10)	(195)
At 31 March 2021	1,630	1,522	3,120	2,364	6,232	1,343	16,211
Net carrying amount	4	47	269	103	409	552	1,384

The plant and equipment are pledged for the financing facilities as disclosed in Note 20 to the financial statements.

199501023849 (353053-W)

Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

12. Other intangible assets

	2022	2021
	RM'000	RM'000
Cost		
At beginning of the year	2,699	2,937
Additions	50	-
Write-offs	(5)	(238)
At end of the year	<u>2,744</u>	<u>2,699</u>
Accumulated amortisation		
At beginning of the year	1,852	1,890
Amortisation for the year (Note 8)	202	197
Write-offs	(5)	(235)
At end of the year	<u>2,049</u>	<u>1,852</u>
Net carrying amount	<u>695</u>	<u>847</u>

Other intangible assets relate to computer software and licences which are pledged for the financing facilities as disclosed in Note 20 to the financial statements.

13. Sundry receivables

	2022	2021
	RM'000	RM'000
Compensation claim receivable from the Government	94,915	77,709
Deposits	125	163
Prepayments	889	1,017
Interest receivable from fixed deposits	743	771
Profit receivable on Islamic investment	102	732
Others	517	1,193
	<u>97,291</u>	<u>81,585</u>
Less: Provision for doubtful debts	(53)	(53)
Total sundry receivables	<u>97,238</u>	<u>81,532</u>
Financial assets at amortised cost		
Total sundry receivables	97,238	81,532
Add: Amount due from a related company (Note 14)	1,021	36
Amount due from holding company (Note 14)	-	389
Cash and bank balances (Note 15)	531,418	617,539
Less: Prepayments	(889)	(1,017)
Total financial assets	<u>628,788</u>	<u>698,479</u>

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

13. Sundry receivables (cont'd.)

The Company has no significant concentration of credit risk that may arise from the exposure to a single debtor or a group of debtors, other than an amount due from the Government for imposing toll rates lower than those agreed upon amounting to RM94,915,000 (2021: RM77,709,000).

The Company's sundry receivables that are impaired at the reporting date and movement of the allowance accounts used to record the impairment are as follows:

	2022	2021
	RM'000	RM'000
Movement in allowance accounts:		
At 1 April 2021/2020	53	313
Reversal of provision for doubtful debts (Note 8)	-	(260)
At 31 March	<u>53</u>	<u>53</u>

14. Amounts due (to)/from holding company and a related company

	2022	2021
	RM'000	RM'000
Amount due (to)/from holding company	(131)	389
Amount due from a related company	<u>1,021</u>	<u>36</u>

These amounts are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

A related company refers to an associate of Lingkar Trans Kota Holdings Berhad. The amount due from a related company is non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

15. Cash and bank balances

	2022	2021
	RM'000	RM'000
Licensed banks	164,833	289,232
Investment banks	<u>196,277</u>	<u>175,451</u>
Deposits with licensed bank and financial institutions	361,110	464,683
Cash on hand and at banks	<u>170,308</u>	<u>152,856</u>
Cash and cash equivalents	<u>531,418</u>	<u>617,539</u>

Cash and bank balances are pledged for the financing facilities as disclosed in Note 20 to the financial statements.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

15. Cash and bank balances (cont'd.)

The weighted average effective interest/profit rates and the range of maturities of deposits at the reporting date were as follows:

	Weighted average effective interest/ profit rates		Range of maturities	
	2022	2021	2022	2021
	%	%	Days	Days
Licensed banks	1.98	2.01	19 - 89	59 - 89
Investment banks	2.12	2.09	19 - 89	81 - 89

16. Share capital

	Number of shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
Issued and fully paid				
Ordinary shares				
At beginning/end of the year	50,000	50,000	50,000	50,000

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. Retained earnings

The Company is able to distribute dividends out of its entire retained earnings as at 31 March 2022 and 31 March 2021 under the single-tier system.

APPENDIX VII – AUDITED FINANCIAL STATEMENTS OF LITRAK FOR THE FYE 31 MARCH 2022 (CONT'D)

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

18. Deferred revenue

	2022	2021
	RM'000	RM'000
Licence fee		
Licence fee received	47,900	47,900
Deferred revenue recognised to-date	<u>(36,316)</u>	<u>(34,754)</u>
Balance unrecognised	<u>11,584</u>	<u>13,146</u>
Analysed as:		
Non-current	10,022	11,584
Current	<u>1,562</u>	<u>1,562</u>
Total	<u>11,584</u>	<u>13,146</u>
Licence fee recognised as revenue during the year (Note 4)	<u>1,562</u>	<u>1,562</u>

19. Deferred tax liabilities

	2022	2021
	RM'000	RM'000
At beginning of the year	178,653	182,821
Recognised in profit or loss (Note 9)	(9,194)	(4,168)
Under provision in prior year (Note 9)	20	-
At end of the year	<u>169,479</u>	<u>178,653</u>
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	186,516	198,975
Deferred tax assets	<u>(17,037)</u>	<u>(20,322)</u>
	<u>169,479</u>	<u>178,653</u>

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

19. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax liabilities and assets of the Company during the financial year prior to offsetting are as follows:

	← Deferred tax liabilities →			← Deferred tax assets →					Net deferred tax liabilities	
	Plant and equipment	Highway development expenditure	Total	Deferred revenue	Provision for heavy repairs	Sundry payables	Retirement benefit obligations	IMTNs	Total	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022										
At 1 April 2021	253	198,722	198,975	(3,155)	(5,983)	(271)	(1,282)	(9,631)	(20,322)	178,653
Recognised in profit or loss	49	(12,508)	(12,459)	375	127	138	(126)	2,771	3,285	(9,174)
At 31 March 2022	302	186,214	186,516	(2,780)	(5,856)	(133)	(1,408)	(6,860)	(17,037)	169,479
2021										
At 1 April 2020	241	205,752	205,993	(3,530)	(6,171)	(224)	(1,156)	(12,091)	(23,172)	182,821
Recognised in profit or loss	12	(7,030)	(7,018)	375	188	(47)	(126)	2,460	2,850	(4,168)
At 31 March 2021	253	198,722	198,975	(3,155)	(5,983)	(271)	(1,282)	(9,631)	(20,322)	178,653

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

20. Sukuk Musyarakah Medium Term Notes ("IMTNs")

	2022	2021
	RM'000	RM'000
Current		
Secured:		
IMTN I	100,000	100,000
IMTN II	100,000	100,000
	<u>200,000</u>	<u>200,000</u>
Non-current		
Secured:		
IMTN I	90,000	190,000
Less: Unamortised discount for IMTN I	(784)	(2,294)
	<u>89,216</u>	<u>187,706</u>
IMTN II	100,000	200,000
Less: Unamortised discount for IMTN II	(867)	(2,452)
	<u>99,133</u>	<u>197,548</u>
Amount repayable after 12 months	<u>188,349</u>	<u>385,254</u>
Total IMTNs	<u>388,349</u>	<u>585,254</u>

The details of the IMTNs are as follows:

The IMTNs comprise IMTN I and IMTN II of RM1,145,000,000 and RM300,000,000 respectively were initially issued on 15 April 2008.

The IMTN I were constituted by a Sukuk Musyarakah Trust Deed dated 19 March 2008 made by the Company and the Trustee for the holders of the IMTN I. The IMTN I were negotiable non-interest bearing secured Bonds in bearer form, evidencing a promise by the issuer to pay stated sum on specified dates.

The IMTN I were issued in 10 series, with maturities from April 2013 to April 2023. The profit margin ranges from 4.6% to 6.0% per annum.

The IMTN II were constituted by a Sukuk Musyarakah Trust Deed dated 19 March 2008 made by the Company and the Trustee for the holders of the IMTN II. The IMTN II were negotiable non-interest bearing secured Bonds in bearer form, evidencing a promise by the issuer to pay stated sum on specified dates.

The IMTN II were issued in 3 series, with maturities commencing from April 2021 to April 2023. The profit margin ranges from 5.8% to 6.0% per annum.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

20. Sukuk Musyarakah Medium Term Notes ("IMTNs") (cont'd.)

The details of the IMTNs are as follows (cont'd.):

The security arrangements in connection with the Company's IMTNs are as follows:

- (i) fixed and floating charge over the property, assets and rights of the Company; and
- (ii) an assignment of the Company's rights, interests and benefits in certain designated bank accounts and insurance policies.

In addition, the Company's IMTNs are further secured by way of an assignment of the Company's rights, interests and benefits in the Concession Agreement.

Pursuant to the Total Priority Security Sharing Agreement dated 25 April 2008, the IMTNs shall rank pari passu amongst themselves.

21. Retirement benefit obligations

The Company operates an unfunded Retirement Benefit Scheme (the "Scheme") for eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits of 2.5% on the last drawn monthly basic salary for each completed months of service on attainment of the retirement age of 60 (2021: 60).

The amounts recognised in the financial statements are as follows:

	2022	2021
	RM'000	RM'000
Statement of financial position		
Present value of unfunded defined benefit obligations, net liability	<u>5,867</u>	<u>5,342</u>
Analysed as:		
Non-current:		
Later than 2 years but not later than 5 years	649	649
Later than 5 years	<u>5,218</u>	<u>4,693</u>
	<u>5,867</u>	<u>5,342</u>
Statement of comprehensive income		
Current service cost	343	319
Interest cost	<u>260</u>	<u>236</u>
Total, included in employee benefits expenses (Note 5)	<u>603</u>	<u>555</u>

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

21. Retirement benefit obligations (cont'd.)

Movements in the net liability in the current year were as follows:

	2022	2021
	RM'000	RM'000
At beginning of the year	5,342	4,819
Recognised in profit or loss	603	555
Retirement benefits paid	(78)	(32)
At end of the year	<u>5,867</u>	<u>5,342</u>

Principal actuarial assumptions used:

	2022	2021
	%	%
Discount rate	4.9	4.9
Expected rate of employees' salary increases	<u>6.0</u>	<u>6.0</u>

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligations as of the end of the reporting period, with all other assumptions held constant:

	Sensitivity	RM'000
Discount rate	+1%	(533)
	-1%	637
Expected rate of employees' salary increases	+1%	624
	<u>-1%</u>	<u>(533)</u>

22. Provision for heavy repairs

Provision for heavy repairs relate to the estimated costs of the contractual obligations to maintain and restore the highway infrastructure to a specified standard of serviceability.

	2022	2021
	RM'000	RM'000
At beginning of the year	24,931	25,712
Utilised during the year	(532)	(781)
At end of the year	<u>24,399</u>	<u>24,931</u>
Analysed as:		
Non-current	22,476	20,307
Current	1,923	4,624
Total	<u>24,399</u>	<u>24,931</u>

199501023849 (353053-W)

Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

23. Sundry payables

	2022 RM'000	2021 RM'000
Accrued profit element on IMTNs	10,710	16,065
Amounts due to related parties	153	2
Retention sum	436	399
Sundry payables and accruals	<u>9,237</u>	<u>10,430</u>
Total sundry payables	20,536	26,896
Add: IMTNs (Note 20)	388,349	585,254
Amount due to holding company (Note 14)	<u>131</u>	<u>-</u>
Total financial liabilities carried at amortised costs	<u>409,016</u>	<u>612,150</u>

Amounts due to related parties are non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

Further details on related party transactions are disclosed in Note 26 to the financial statements.

24. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
First interim single-tier dividend of 60 sen on 50,000,000 ordinary shares declared on 27 August 2020 and paid on 24 September 2020	-	30,000	-	30,000
Second interim single-tier dividend of 80 sen on 50,000,000 ordinary shares declared on 25 February 2021 and paid on 22 March 2021	-	40,000	-	40,000
First interim single-tier dividend of 108 sen on 50,000,000 ordinary shares declared on 25 August 2021 and paid on 21 September 2021	54,000	-	54,000	-
Second interim single-tier dividend of 160 sen on 50,000,000 ordinary shares declared on 24 February 2022 and paid on 18 March 2022	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
	<u>134,000</u>	<u>70,000</u>	<u>134,000</u>	<u>70,000</u>

199501023849 (353053-W)

Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

25. Capital commitments

	2022	2021
	RM'000	RM'000
Capital expenditure		
Approved but not contracted for:		
- Highway development expenditure	<u>7,509</u>	<u>7,509</u>

26. Related party disclosures

(a) Sale and purchase of services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2022	2021
	RM'000	RM'000
Holding company:		
- ESOS expenses charged by the holding company	1,107	1,389
- Management fee charged by the holding company	<u>1,191</u>	<u>900</u>
Other related parties: (*)		
- Other services rendered by other related parties	<u>812</u>	<u>44</u>

(*) Other related parties refers to Gamuda Berhad, a substantial shareholder of the holding company, and its affiliates. Certain directors of the holding company are also directors of the other related parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2022 are disclosed in Note 14 and Note 23 to the financial statements.

(b) Compensation of key management personnel

The remunerations of key management personnel during the year was as follows:

	2022	2021
	RM'000	RM'000
Salaries and other short-term employee benefit	881	792
Defined contribution plan	92	79
Defined benefit plan	69	64
Share options granted under ESOS	111	334
Estimated monetary value of benefits-in-kind	<u>9</u>	<u>12</u>
	<u>1,162</u>	<u>1,281</u>

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

27. Concession arrangement

On 23 April 1996, the Government of Malaysia (the "Government") awarded the Company, Lingkar Trans Kota Sdn Bhd ("LITRAK"), a concession to design, construct, operate and maintain Lebuhraya Damansara-Puchong ("LDP" or the "Highway") for a period of 33 years ending 14 August 2029 ("Concession Period").

Under the Concession Agreement, the Government will make available the land required for the Highway, subject to reimbursement by LITRAK to acquire land of up to RM98 million.

The Concession Agreement provides that LITRAK will collect and retain all traffic tolls and will be responsible for all operating and maintenance costs incurred during the Concession Period. The collection of toll revenue commenced on 25 January 1999 and the toll rates applicable to the Concession Period are specified in the Concession Agreement.

The Government may reduce the toll rates by giving at least two months notice to LITRAK. Should the Government reduce the toll rate below the agreed rates, the Government shall compensate LITRAK for any reduction in toll collections based on the basis and the formula specified in the Concession Agreement.

The Concession Agreement may be terminated by either the Government or LITRAK if either party fails to remedy its default within the period specified in the Concession Agreement.

The Government may terminate the Concession Agreement by expropriation of the Concession Company or the Concession at any time by giving three months written notice to LITRAK.

LITRAK shall hand over the Highway to the Government at the end of the Concession Period, in a well-maintained condition and shall make good any defects thereto at LITRAK's own expense within one year after the date of handing over.

Pursuant to the provisions of the Second Supplemental Concession Agreement executed between LITRAK and the Government on 4 September 2007 and via the Government Gazette No. P.U.(A) 443 dated 26 December 2006, the Government had revised the toll rates structure for LITRAK effective from 1 January 2007 to 31 December 2010.

In consideration of LITRAK agreeing to the above revised toll rate structure, the Government has agreed to provide LITRAK, with a sum of RM150 million cash compensation and a one-year extension to the Concession Period from 14 August 2029 extended to 14 August 2030.

The toll rates were scheduled to revert to those in the Concession Agreement from 1 January 2011 onwards, but the Government decided to defer the toll rate increase and shall compensate LITRAK in accordance with the provisions of the Concession Agreement.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

27. Concession arrangement (cont'd.)

Pursuant to Government Gazette No. P.U. (A) 243 dated 12 October 2015, the toll rates payable by users of LDP, deferred since 1 January 2011, have been increased effective 15 October 2015 for the following classes of vehicles:

Class of vehicle	Toll rates (Before increase) (RM)	Toll rates (After increase) (RM)
Class 1	1.60	2.10
Class 2	3.20	4.20
Class 3	4.80	6.30
Class 4	0.80	1.10

However, the toll rate payable by users of LDP for Class 5 vehicle remains unchanged at RM1.60.

Pursuant to the Concession Agreement, the next and final toll hike was scheduled to increase effective from 1 January 2016. The Government has decided to defer the increase until further notice. Based on past experience with the Government, the Company is optimistic that terms of the Concession Agreement will continue to be observed by all parties concerned.

The Government shall compensate LITRAK in accordance with the provisions of the Concession Agreement.

28. Fair value of financial instruments

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair value except for the following:

	Carrying amount RM'000	Fair value RM'000
Financial liabilities:		
At 31 March 2022		
IMTN I (Note 20)	189,216	192,527
IMTN II (Note 20)	199,133	202,788
	<u>388,349</u>	<u>395,315</u>

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

28. Fair value of financial instruments (cont'd.)

The carrying amounts of the financial instruments of the Company are a reasonable approximation of their fair value except for the following: (cont'd.)

	Carrying amount RM'000	Fair value RM'000
Financial liabilities:		
At 31 March 2021		
IMTN I (Note 20)	287,706	297,555
IMTN II (Note 20)	297,548	308,074
	<u>585,254</u>	<u>605,629</u>

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(a) Sundry receivables, amount due (to)/from holding company, amount due from a related company and sundry payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(b) IMTNs

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of IMTN at the reporting date.

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statement of financial position are as follows:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 - inputs that are significant to the fair value measurement are unobservable

199501023849 (353053-W)

Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

28. Fair value of financial instruments (cont'd.)

Fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Note	Fair value measurement using			
		Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 March 2022					
Liabilities for which fair values are disclosed					
IMTN I	20	192,527	-	192,527	-
IMTN II	20	202,788	-	202,788	-
		<u>395,315</u>	<u>-</u>	<u>395,315</u>	<u>-</u>

	Note	Fair value measurement using			
		Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 March 2021					
Liabilities for which fair values are disclosed					
IMTN I	20	297,555	-	297,555	-
IMTN II	20	308,074	-	308,074	-
		<u>605,629</u>	<u>-</u>	<u>605,629</u>	<u>-</u>

29. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest/profit rate risk, liquidity risk and credit risk.

The Board of Directors review and agree policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

199501023849 (353053-W)

**Lingkar Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

29. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest/profit rate risk

Interest/profit rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest/profit rates.

The Company obtains its external fundings through the issuance of IMTNs and the profit element for IMTNs are based on fixed rates. The information relating to the interest rates, profit element and maturity dates of these IMTNs are disclosed in Note 20 to the financial statements.

The surplus funds are placed as fixed deposits or fixed rate overnight money market placements with licensed financial institutions.

The interest/profit profile of financial liabilities of the Company are as follows:

	2022	2021
	RM'000	RM'000
Fixed rate financial liabilities	<u>388,349</u>	<u>585,254</u>

Fixed rate financial liabilities comprise the IMTNs as described further in Note 20 to the financial statements. The weighted average interest rate/profit element of these instruments is 6.1% (2021: 6.0%). The rate is fixed up to maturity of the IMTNs.

The interest/profit profile of financial assets of the Company are as follows:

	2022	2021
	RM'000	RM'000
Fixed rate financial assets *	<u>361,110</u>	<u>464,683</u>

* Fixed rate financial assets mainly comprise short term deposits and overnight money market placements placed with licensed financial institutions as described further in Note 15 to the financial statements.

The Company has no exposure to significant interest rate risk as the fixed rate debts were entered into by the Company in order to minimise fluctuations in interest rates.

199501023849 (353053-W)

Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)

29. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company manages its debt maturity profile as disclosed in the analysis below, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash and cash convertible instrument to ensure sufficient cash being kept to meet debt service obligation and covenants, highway enhancement expenses, operating expenses and distribution to shareholder. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	Total RM'000
31 March 2022				
Financial liabilities:				
Sundry payables	9,826	-	-	9,826
Amount due to holding company	131	-	-	131
IMTNs				
- principal	200,000	190,000	-	390,000
- profits	17,300	5,700	-	23,000
Total undiscounted financial liabilities	<u>227,257</u>	<u>195,700</u>	<u>-</u>	<u>422,957</u>
31 March 2021				
Financial liabilities:				
Sundry payables	10,831	-	-	10,831
IMTNs				
- principal	200,000	200,000	190,000	590,000
- profits	29,000	17,300	5,700	52,000
Total undiscounted financial liabilities	<u>239,831</u>	<u>217,300</u>	<u>195,700</u>	<u>652,831</u>

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

29. Financial risk management objectives and policies (cont'd.)

(c) Credit risk

The carrying amounts of sundry receivables and amount due from holding company represent the Company's maximum exposure to credit risk. The risk in relation to the amount due from the Government as compensation for the imposition of toll rates lower than those as provided for under the Concession Agreement is sovereign in nature. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company does not have significant exposure to a single counterparty nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 13 to the financial statements.

30. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, refinance existing IMTNs, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 31 March 2021.

The IMTNs as mentioned in Note 20 to the financial statements are subjected to several financial covenants including maintaining a prescribed debt equity ratio of no more than 90:10 and finance service cover ratio of no less than 1.2 times. The Company has complied with these covenants during the reporting period.

31. Significant event

COVID-19 pandemic

Since March 2020, the outbreak of COVID-19 pandemic has significantly impacted the economic performance globally, including Malaysia. The Government had implemented various phases of Movement Control Order ("MCO") including Conditional MCO ("CMCO") in Selangor from the beginning of the financial year. This was revised to Full MCO ("FMCO") in 1 June 2021 due to resurgence of COVID-19 cases. With the stricter containment measures in place, the Company has recorded lower traffic volume for the first and second quarters of the financial year.

199501023849 (353053-W)

**Lingkaran Trans Kota Sdn. Bhd.
(Incorporated in Malaysia)**

31. Significant event (cont'd.)

COVID-19 pandemic (cont'd.)

Following the introduction of National Recovery Plan ("NRP") on 15 June 2021 by the Government and the improvement of capacity of public health system coupled with increase in vaccination rate, the economic activities were gradually re-opened and the relaxing of MCO containment measures had boosted the economic recovery momentum. The Company's results rebounded in the third and fourth quarters of the financial year following the relaxation of movement restrictions and resumption of economic activities announced by the Government.

Despite the challenging outlook, the Company continues to closely monitor the related risks and impact on its businesses to ensure long term business prospects of the Company remains stable. The Company is also taking the necessary steps to mitigate the effects of the ongoing COVID-19 pandemic and proactively addresses developments in order to best manage the effects on its businesses.

32. Comparative figures

The comparative figures have been restated to reflect the following:

- (a) reclassification between sundry receivables and sundry payables; and
- (b) reclassification between current and non-current liabilities of deferred revenue.

The effect of the above adjustment items are as follow:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Sundry receivables	80,393	1,139	81,532
Sundry payables	(25,757)	(1,139)	(26,896)
Deferred revenue			
Non-current	(13,146)	1,562	(11,584)
Current	-	(1,562)	(1,562)

**SYARIKAT MENGURUS AIR BANJIR &
TEROWONG SDN. BHD.
200201031709 (599374-W)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements
31 December 2021**

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Company are to design and construct the Stormwater Management and Road Tunnel Project ("SMART"), comprising the stormwater channel and motorway works, operate, manage the toll operations and maintain the motorway.

Results

	RM
Loss for the year	<u>18,440,425</u>

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors do not recommend any payment of dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Haji Azmi bin Mat Nor
Dato' Sri Che Khalib bin Mohamad Noh
Saw Wah Theng
Sazally bin Saidi (Alternate Director to Dato' Haji Azmi bin Mat Nor)
Mohd Razin bin Ghazali (Appointed on 1 April 2021)

Holding company

The holding company is Projek Smart Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

	RM
Fee	<u>35,000</u>

Directors' and officers' indemnity

The equity holders of the holding company, namely:

- (a) Gamuda Berhad maintains a liability insurance for its directors and officers throughout the financial year, which provides insurance coverage of RM50,000,000 at an insurance premium of RM117,200; and
- (b) MMC Corporation Berhad, the immediate holding company of the 30% and 20% corporate shareholders namely, MMC Engineering Group Berhad and Anglo-Oriental (Annuities) Sdn. Bhd. respectively, maintains a liability insurance for its directors and officers throughout the financial year, which provides insurance coverage of RM50,000,000 at an insurance premium of RM95,410.

The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' interest

None of the director in office at the end of the financial year had any interest in shares in the Company or its related corporation.

Other statutory information

- (a) Before the financial statements of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

- (a) Before the financial statements of the Company were made out, the directors took reasonable steps: (cont'd.)
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Company might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.
- (g) The Company recorded loss after tax of RM18,440,425. As at 31 December 2021, the Company's current liabilities exceeded its current assets by RM13,803,374. The equity holders of the holding company, Gamuda Berhad and MMC Corporation Berhad have agreed to provide continued financial support to enable the Company to meet its obligations and liabilities as and when they fall due.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration

RM

47,250

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2022.



Dato' Sri Che Khalib bin Mohamad Noh

✓



Dato' Haji Azmi bin Mat Nor

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Sri Che Khalib bin Mohamad Noh and Dato' Haji Azmi bin Mat Nor, being two of the directors of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 45 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 June 2022.

Dato' Sri Che Khalib bin Mohamad Noh

Dato' Haji Azmi bin Mat Nor

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Haji Azmi bin Mat Nor, being the director primarily responsible for the financial management of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 45 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Dato' Haji Azmi bin Mat Nor at Kuala Lumpur in the Federal Territory on 3 June 2022.

Dato' Haji Azmi bin Mat Nor

Before me,



Lot 333, 3rd Floor
Wisma New Asia
Jalan Raja Chulan
50100 Kuala Lumpur



Ernst & Young PLT
2020000000000001 (U) (9402786-LCA) & AF 8839
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Semantan
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

200201031709 (599374-W)

Independent auditors' report to the member of
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd., which comprise the statement of financial position as at 31 December 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.



200201031709 (599374-W)

**Independent auditors' report to the member of
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (cont'd.)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



200201031709 (599374-W)

**Independent auditors' report to the member of
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.



200201031709 (599374-W)

Independent auditors' report to the member of
Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
3 June 2022

Tan Shium Jye
No. 02991/05/2024 J
Chartered Accountant

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

**Statement of comprehensive income
For the financial year ended 31 December 2021**

	Note	2021 RM	2020 RM
Revenue	4	16,024,182	23,703,185
Cost of sales	5	(12,794,095)	(14,206,785)
Gross profit		<u>3,230,087</u>	<u>9,496,400</u>
Other income	6	1,186,741	1,531,656
Other operating expenses		(4,690,586)	(4,684,616)
(Loss)/profit from operations		<u>(273,758)</u>	<u>6,343,440</u>
Finance cost	7	(18,166,667)	(18,492,715)
Loss before tax	9	<u>(18,440,425)</u>	<u>(12,149,275)</u>
Income tax expense	10	-	-
Loss for the year, representing total comprehensive loss for the year		<u>(18,440,425)</u>	<u>(12,149,275)</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

**Statement of financial position
As at 31 December 2021**

	Note	2021 RM	2020 RM
Assets			
Non-current assets			
Plant and equipment	11	1,146,402	1,500,593
Motorway development expenditure ("MDE")	12	369,827,880	374,129,476
		<u>370,974,282</u>	<u>375,630,069</u>
Current assets			
Other receivables	13	7,133,058	945,929
Amount due from holding company	14	13,236,029	22,108,780
Tax recoverable		39,010	39,010
Investment securities	15	6,745,067	25,996,580
Cash and bank balances	16	1,521,629	627,796
		<u>28,674,793</u>	<u>49,718,095</u>
Total assets		<u>399,649,075</u>	<u>425,348,164</u>
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	17	323,000,000	323,000,000
Accumulated losses		(266,231,162)	(247,790,737)
Total equity		<u>56,768,838</u>	<u>75,209,263</u>
Non-current liability			
Advance due to holding company	18	300,402,070	305,402,070
Current liabilities			
Trade and other payables	18	23,814,150	26,072,524
Amount due to an affiliated company	14	4,744	4,744
Amounts due to equity holders of the holding company	19	18,659,273	18,659,563
		<u>42,478,167</u>	<u>44,736,831</u>
Total liabilities		<u>342,880,237</u>	<u>350,138,901</u>
Total equity and liabilities		<u>399,649,075</u>	<u>425,348,164</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

**Statement of changes in equity
For the financial year ended 31 December 2021**

	Share capital RM (Note 17)	Accumulated losses RM	Total equity RM
At 1 January 2021	323,000,000	(247,790,737)	75,209,263
Total comprehensive loss	-	(18,440,425)	(18,440,425)
At 31 December 2021	323,000,000	(266,231,162)	56,768,838
At 1 January 2020	323,000,000	(235,641,462)	87,358,538
Total comprehensive loss	-	(12,149,275)	(12,149,275)
At 31 December 2020	323,000,000	(247,790,737)	75,209,263

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2021

	2021 RM	2020 RM
Cash flows from operating activities		
Loss before tax	(18,440,425)	(12,149,275)
Adjustments for:		
Amortisation of motorway development expenditure	4,301,596	6,296,564
Depreciation of plant and equipment	675,658	944,584
Provision for maintenance	1,817,216	-
Loss on disposal of plant and equipment	-	661
Bad debts written off	52,800	-
Interest expense on advances received from holding company	17,726,582	17,758,932
Interest expense on advances received from Government of Malaysia	440,085	733,783
Distribution from investment securities	(267,153)	(467,266)
Interest income on deposits with licensed banks	(5,837)	(525,952)
Operating profit before working capital changes	6,300,522	12,592,031
Changes in receivables	(6,239,929)	229,000
Changes in payables	(9,571,757)	(1,749,478)
Changes in amounts due to equity holders of the holding company	(290)	363,360
Changes in amounts due from affiliated companies	-	500,000
Changes in amount due from holding company	8,928,833	(430,686)
Cash (used in)/generated from operations	(582,621)	11,504,227
Interest paid	(17,726,582)	(17,758,932)
Income tax paid	-	(39,010)
Net cash flows used in operating activities	(18,309,203)	(6,293,715)
Cash flows from investing activities		
Purchase of plant and equipment	(321,467)	(341,064)
Proceed from disposal of plant and equipment	-	1,300
Net proceeds from disposal of investment securities	19,251,513	4,227,715
Distribution received from investment securities	267,153	467,266
Interest received from deposits with licensed banks	5,837	525,952
Net cash flows generated from investing activities	19,203,036	4,881,169
Net changes in cash and cash equivalents	893,833	(1,412,546)
Cash and cash equivalents at beginning of year	627,796	2,040,342
Cash and cash equivalents at end of year (Note 16)	1,521,629	627,796

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 December 2021

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Menara Gamuda, D-16-01, Block D, PJ Trade Centre, No. 8, Jalan PJU 8/8A, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Kompleks Operasi & Penyelenggaraan Lebuhraya SMART, Jalan Davis, Off Bulatan Kg. Pandan, 50400 Kuala Lumpur.

The holding company is Projek Smart Holdings Sdn. Bhd. ("PSHSB"), a company incorporated in Malaysia. The principal activities of the Company are to design and construct the Stormwater Management and Road Tunnel Project ("SMART"), comprising the stormwater channel and motorway works, operate, manage the toll operations and maintain the motorway.

There was no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 June 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis and are presented in Ringgit Malaysia ("RM").

The Company recorded loss after tax of RM18,440,425 (2020: RM12,149,275) for the financial year ended 31 December 2021. At the reporting date, the Company's current liabilities exceeded its current assets by RM13,803,374.

The financial statements of the Company have been prepared on the going concern basis as the equity holders of the holding company, Gamuda Berhad and MMC Corporation Berhad, have agreed to provide continued financial support to enable the Company to meet its obligations and liabilities as and when they fall due.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2021, the Company adopted the following new and amended MFRSs:

Effective for annual periods beginning on or after 1 June 2020:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions
----------------------	-------------------------------------

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
--	--

Effective for annual periods beginning on or after 1 April 2021:

Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
----------------------	--

The adoption of the above amended standards did not have any material impact on the financial statements of the Company.

2.3 Standards issued but not yet effective

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

The new and amended standards that are issued but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.
(cont'd.)

Effective for annual periods beginning on or after 1 January 2023: (cont'd.)

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
------------------------------------	---

The adoption of the above new and amended standards will not have material impact on the financial statements of the Company in the period of initial application.

2.4 Plant, equipment and depreciation

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as asset, as appropriate, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.4 Plant, equipment and depreciation (cont'd.)

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plant, traffic safety, office and communication equipment	20%
Furniture and fittings	20%
Computer equipment	33.3%
Motor vehicles	20%
Renovation	20%

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.5 Motorway development expenditure ("MDE")

Motorway development expenditure ("MDE") is classified as intangible asset and is measured on initial recognition at cost. Following initial recognition, MDE is carried at cost less accumulated amortisation and accumulated impairment loss. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.7 to the financial statements.

MDE comprises of construction and development expenditure (including interest and fee charges relating to the financing of the construction and development of the Highway) incurred by the Company in connection with the Concession.

Upon the completion of the construction works of the Motorway and commencement of the tolling operations, the cumulative actual expenditure incurred is amortised to profit or loss based on the following formula:

$$\frac{\text{Current Year Actual Traffic Volume}}{\text{Current Year Actual Traffic Volume Plus Projected Total Traffic Volume For The Subsequent Years To The End of Concession Period}} \times \text{Opening Net Carrying Amount of MDE Plus Current Year Additions}$$

The projected traffic volume is based on the traffic volume projected by an independent traffic consultants based on a latest available projection study commissioned by the Company.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.6 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.6 Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing the value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.8 Financial assets (cont'd.)

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and financial assets at amortised cost.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition or financial assets mandatorily required to be amortised at fair value. Financial assets held for trading are financial assets acquired principally for the purpose of selling in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be represented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.8 Financial assets (cont'd.)

(b) Financial assets at amortised cost (cont'd.)

Financial assets at amortised cost are measured using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Financial assets at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Company transfers substantially all the risk, reward and control of the assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.9 Impairment of financial assets at amortised cost

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss except for receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.9 Impairment of financial assets at amortised cost (cont'd.)

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

If in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include advance due to holding company, trade and other payables, amount due to an affiliated company and amounts due to equity holders of the holding company.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.11 Affiliated companies

The Company regards the related companies of the equity holders of the holding company as affiliated companies.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares and Redeemable Preference Shares ("RPS") are equity instruments.

Ordinary shares and RPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares and RPS are recognised in equity in the period in which they are declared.

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consists of interest and other costs that the Company incurred in connection with the borrowing of funds.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Company and the amounts of revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable associated with the transaction.

(a) Revenue

(i) Toll revenue

Toll revenue is recognised at point in time when toll is chargeable for the usage of the Motonway.

(ii) Government compensation

Pursuant to the Concession awarded by the Government, the Government reserves its rights to restructure or to restrict the imposition of unit toll rate increases by the Company. The Government shall compensate the Company for any reduction in toll revenue as a consequence of such restructure or restriction imposed, subject to negotiation and other consideration that the Government may deem fit. The amount of Government compensation are recognised at point in time in profit or loss for the year after taking into consideration the effects of the concession arrangement.

(b) Other income

(i) Interest income

Interest income is recognised over time proportion that reflects the effective yield on the asset.

(ii) Rental income

Rental income is accounted for over time on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.17 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.18 Fair value measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities
- ii) Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- iii) Level 3 - input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.19 Current versus non-current classification

The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd.)

2.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

3. Significant accounting estimates and judgements

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that effect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

(i) Amortisation of motorway development expenditure ("MDE")

The cost of MDE is amortised over the Concession Period by applying the formula stipulated in Note 2.5 to the financial statements. The denominator of the formula includes total projected traffic volume of the Concession and is based on the latest available base case traffic volume projections prepared by an independent traffic consultant.

The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges. The carrying amount of the MDE is disclosed in Note 12 to financial statements.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

3. Significant accounting estimates and judgements (cont'd.)

Key sources of estimation uncertainty (cont'd.)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below. (cont'd.)

(i) Amortisation of motorway development expenditure ("MDE") (cont'd.)

At the reporting date, if the projected total traffic volume for the subsequent years to the end of concession period had been 1% lower/higher, with all variables held constant, the Company's loss before tax would have been approximately RM43,000 lower or RM42,000 higher (2020: RM63,000 lower or RM61,000 higher), arising mainly as a result of lower/higher expected traffic volume.

(ii) Impairment of motorway development expenditure ("MDE")

At the reporting date, the Company assessed whether there is an indication that an asset may be impaired. If any of such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The recoverable amount is measured through discounted cash flow analysis, considering the projected revenue, growth rate and discount rate. These estimates provide reasonable approximations to the computation of the recoverable amount.

In preparing discounted cash flow analysis, growth rates and discount rate used reflect, among others, the maturity of the business development cycles as well as industry growth potential. The projected revenue used in the projected cash flows for the following years approximate the performance of the Company based on toll revenue forecast by an independent traffic consultant.

At the reporting date, if the discount rate for the remaining concession period had been 10 basis point lower/higher, with all variables held constant, the Company's recoverable amount would have been approximately RM4,060,000 (2020: RM3,746,000) higher/lower, as a result of lower/higher expected discount rate.

At the reporting date, if the projected revenue for the remaining concession period had been 1% lower/higher, with all variable held constant, the Company's recoverable amount would have been approximately RM7,662,000 (2020: RM5,209,000) lower/higher, as a result of lower/higher expected projected revenue.

The carrying amount of the Company's motorway development expenditure at the reporting date is disclosed in Note 12 to the financial statements.

Based on management's review, no impairment is required for the Company's motorway development expenditure during the current financial year.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

4. Revenue

	2021 RM	2020 RM
Toll revenue	9,602,453	14,252,250
Government compensation	8,421,729	9,450,935
	<u>16,024,182</u>	<u>23,703,185</u>

5. Cost of sales

	2021 RM	2020 RM
Toll operations	<u>12,794,095</u>	<u>14,206,785</u>

6. Other income

	2021 RM	2020 RM
Distributions from investment securities	267,153	467,266
Interest income on deposits with licensed banks	5,837	525,952
Rental income from:		
- sub-license fee	267,600	264,900
- broad casting equipment	275,210	148,513
- warehouse	33,200	18,000
Government grant received in relation to wage subsidy	172,800	-
Sundry income	164,941	107,025
	<u>1,186,741</u>	<u>1,531,656</u>

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

7. Finance cost

	2021	2020
	RM	RM
Interest expense on advance due to holding company	17,726,582	17,758,932
Interest expense on advance received from Government of Malaysia ("GoM")	440,085	733,783
	<u>18,166,667</u>	<u>18,492,715</u>

8. Employee benefits expenses

	2021	2020
	RM	RM
Salaries and bonus	3,681,096	3,372,631
Defined contribution plans	420,907	406,246
Social security costs	53,853	55,279
Other staff related expenses	238,653	277,389
	<u>4,394,509</u>	<u>4,111,545</u>

Included in employee benefits expenses are directors' fee and directors' meeting allowance amounted to RM35,000 (2020: RM24,500) and RM4,000 (2020: Nil) respectively.

9. Loss before tax

The following items have been included in arriving at loss before tax:

	2021	2020
	RM	RM
Auditors' remuneration	47,250	47,250
Amortisation of MDE (Note 12)	4,301,596	6,296,564
Bad debts written off	52,800	-
Loss on disposal of plant and equipment	-	661
Depreciation of plant and equipment (Note 11)	675,658	944,584
Provision for maintenance (Note 18)	1,817,216	-
	<u>1,817,216</u>	<u>-</u>

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

10. Income tax expense

There are no tax expense during the year as the Company did not generate any taxable income.

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2021 RM	2020 RM
Loss before tax	(18,440,425)	(12,149,275)
Taxation at statutory tax rate of 24% (2020: 24%)	(4,425,702)	(2,915,826)
Expenses not deductible for tax purposes	796,403	1,483,292
Non-taxable income	(64,117)	(238,386)
Deferred tax assets not recognised	3,693,416	1,670,920
Tax expense for the year	-	-

Deferred tax assets have not been recognised in respect of the following items:

	2021 RM	2020 RM
Unutilised tax losses	71,951,887	61,480,475
Unabsorbed capital allowance	166,647,045	161,666,503
Other deductible temporary differences	398,124	460,845
	<u>238,997,056</u>	<u>223,607,823</u>

Year of expiry is analysed as follows:

	2021 RM	2020 RM
<u>Unutilised tax losses</u>		
Expiry by 2026	59,813,482	59,813,482
Expiry by 2027	-	1,666,993
Expiry by 2030	1,666,993	-
Expiry by 2031	10,471,412	-
	<u>71,951,887</u>	<u>61,480,475</u>
<u>Indefinite</u>		
Unabsorbed capital allowances	166,647,045	161,666,503
Other deductible temporary differences	398,124	480,845
	<u>167,045,169</u>	<u>162,127,348</u>
Total	<u>238,997,056</u>	<u>223,607,823</u>

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

10. Income tax expense (cont'd.)

In the previous financial year, effective from year of assessment 2019, the unutilised tax losses shall only be allowed to be carried forward for a maximum period of seven consecutive years of assessment. Any amount which is not utilised at the end of the period of seven years of assessment shall be disregarded.

However, based on the Finance Act 2021 which was gazetted on 31 December 2021, the period to carry forward the unutilised tax losses has been extended to ten years of assessment effective from the year of assessment 2019.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in Company against which the Company can utilise the benefits.

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

11. Plant and equipment

	Plant, traffic safety, office and communication equipment RM	Furniture and fittings RM	Computer equipment RM	Motor vehicles RM	Renovation RM	Total RM
2021						
Cost						
At 1 January 2021	9,891,030	221,862	1,117,431	1,010,709	98,568	12,339,600
Additions	295,520	5,696	20,251	-	-	321,467
Write-off	-	-	(2,360)	-	-	(2,360)
At 31 December 2021	10,186,550	227,558	1,135,322	1,010,709	98,568	12,658,707
Accumulated depreciation						
At 1 January 2021	8,518,979	197,718	1,054,524	977,717	90,069	10,839,007
Charge for the year	617,861	9,587	27,122	17,212	3,876	675,658
Write-off	-	-	(2,360)	-	-	(2,360)
At 31 December 2021	9,136,840	207,305	1,079,286	994,929	93,945	11,512,305
Net carrying amount						
At 31 December 2021	1,049,710	20,253	56,036	15,780	4,623	1,146,402

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

11. Plant and equipment (cont'd.)

	Plant, traffic safety, office and communication equipment RM	Furniture and fittings RM	Computer equipment RM	Motor vehicles RM	Renovation RM	Total RM
2020						
Cost						
At 1 January 2020	9,567,776	220,122	1,103,581	1,010,709	98,568	12,000,756
Additions	323,254	3,960	13,850	-	-	341,064
Disposals	-	(2,220)	-	-	-	(2,220)
At 31 December 2020	9,891,030	221,862	1,117,431	1,010,709	98,568	12,339,600
Accumulated depreciation						
At 1 January 2020	7,636,245	189,204	1,022,894	960,146	86,193	9,894,682
Charge for the year	862,734	8,773	31,630	17,571	3,876	944,584
Disposals	-	(259)	-	-	-	(259)
At 31 December 2020	8,518,979	197,718	1,054,524	977,717	90,069	10,839,007
Net carrying amount						
At 31 December 2020	1,372,051	24,144	62,907	32,992	8,499	1,500,593

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

12. Motorway development expenditure

	2021 RM	2020 RM
Cost		
1 January/31 December	655,712,802	655,712,802
Accumulated amortisation		
At 1 January	84,679,326	78,382,762
Charge for the year (Note 9)	4,301,596	6,296,564
At 31 December	88,980,922	84,679,326
Accumulated impairment		
1 January/31 December	196,904,000	196,904,000
Net carrying amount	369,827,880	374,129,476

13. Other receivables

	2021 RM	2020 RM
Sundry receivables	374,612	606,251
Deposits	206,751	206,751
Prepayments	140,157	132,927
Compensation claim receivable from the GoM	6,411,538	-
Total other receivables	7,133,058	945,929
Financial assets at amortised cost		
Total other receivables	7,133,058	945,929
Add: Amount due from holding company	13,236,029	22,108,780
Cash and bank balances (Note 16)	1,521,629	627,796
Less: Prepayments	(140,157)	(132,927)
Total financial assets at amortised cost	21,750,559	23,549,578
Financial asset at fair value through profit or loss		
Investment securities (Note 15)	6,745,067	25,996,580
Total financial assets	28,495,626	49,546,158

The Company has no significant concentration of credit risk that may arise from the exposure to a single debtor or a group of debtors, other than an amount due from GoM for imposing toll rates lower than those agreed upon amounting to RM6,411,538 (2020: Nil).

APPENDIX VIII – AUDITED FINANCIAL STATEMENTS OF SMART FOR THE FYE 31 DECEMBER 2021 (CONT'D)

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

14. Amounts due from/(to) holding company and affiliated companies

The amounts due from/(to) holding company and affiliated companies are non-trade in nature, unsecured, interest-free and repayable on demand.

15. Investment securities

	2021 RM	2020 RM
Financial asset at fair value through profit and loss		
Held as investment fund placements	<u>6,745,067</u>	<u>25,996,580</u>

Investment securities represents funds placed with licensed fund managers. The portfolio of securities managed by the fund manager comprise of money funds, commercial papers, government bonds and fixed deposits. Their fair values are determined based on the quoted prices from the respective investment funds.

16. Cash and bank balances

	2021 RM	2020 RM
Cash in hand	6,418	7,945
Cash at bank	515,211	119,851
Deposits with licensed banks	1,000,000	500,000
Total cash and cash equivalents	<u>1,521,629</u>	<u>627,796</u>

The average effective interest rate and maturity days of the deposits at the reporting date are as follows:

	2021	2020
Average effective interest rate (%)	1.55	1.35
Maturity days	<u>31</u>	<u>14</u>

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

17. Share capital

	Number of shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid:				
Ordinary shares				
At 1 January/ 31 December	20,000,000	20,000,000	20,000,000	20,000,000
Redeemable preference shares				
At 1 January/ 31 December	3,030,000	3,030,000	303,000,000	303,000,000
Total issued and fully paid	23,030,000	23,030,000	323,000,000	323,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The terms of the Redeemable Preference Shares ("RPS") are as follows:

- (a) The RPS shall carry with the right to be repaid in priority to any payment to the holders of any class of shares in the capital of the Company in respect of the repayment of such capital paid-up on the said RPS thereof. Provided that the RPS shall not confer any further rights to participate in any surplus assets and profits of the Company;
- (b) The right to receive as and when declared by the Board of Directors at its sole discretion, dividend, payable out of the distribution profits of the Company upon the amount paid up thereon at a rate to be determined by the Board of Directors as it deems fit and at its sole discretion. If in a year the profits do not warrant payment of a dividend, the arrears shall not be carried forward to the subsequent year(s);
- (c) The RPS shall not be convertible into or exchangeable for shares with another class of the Company's capital now existing or hereafter authorised;

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

17. Share capital (contd.)

The terms of the Redeemable Preference Shares ("RPS") are as follows: (contd.)

- (d) The RPS shall not confer upon the holder any right to receive notice of or to be present or to vote either in person or by proxy at any general meeting of the Company save only if the proposed resolution relates to winding up or reconstruction of the Company or for reduction of capital or for sanctioning a sale of the undertakings of the Company or the varying or abrogation, of any of the rights or privileges of the RPS. Every holder of the RPS shall be entitled to one vote for every one RPS held at any of the aforesaid general meeting of the Company; and
- (e) Subject to the provision of Section 72 of the Companies Act 2016, the redemption of the preference shares shall not be taken as reducing the amount of share capital of the Company and the shares shall be redeemable only if the shares are fully paid up and the redemption shall be out of profits, a fresh issue of shares or capital of the company.

18. Trade and other payables

	Note	2021 RM	2020 RM
Non-current			
Other payable			
Advance due to holding company	(a)	300,402,070	305,402,070
Current			
Trade payables			
Third parties	(b)	1,025,369	866,218
Provision for maintenance	(c)	1,827,216	163,418
		<u>2,852,585</u>	<u>1,029,636</u>
Other payables			
Sundry payables		203,259	1,062,706
Accruals		631,686	537,240
Advance due to holding company	(a)	15,000,000	10,000,000
Interest payable on advance due to holding company	(a)	4,510,016	4,453,934
Advance from the GoM		-	8,812,488
Interest payable on advance received from the GoM		616,604	176,520
		<u>20,961,565</u>	<u>25,042,888</u>
		<u>23,814,150</u>	<u>26,072,524</u>
Total trade and other payables		<u>324,216,220</u>	<u>331,474,594</u>

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

18. Trade and other payables (cont'd.)

- (a) These represent advances due to holding company. The amount was advanced to the Company for the purpose of repayment of the Company's previous loan with Bank Pembangunan Malaysia Berhad in 2015 and as working capital to manage and run the SMART Motorway and Tunnel. The loan is unsecured and repayable in a series of 16 repayments with the final repayment date fixed at 30 September 2032. The effective interest rate is 5.54% (2020: 5.54%) per annum.
- (b) The normal trade credit terms granted to the Company range from 30 to 60 days (2020: 30 to 60 days).
- (c) Provision for maintenance relate to the estimated costs of the contractual obligations to maintain the motorway infrastructure to a specified standard of serviceability.

	2021 RM	2020 RM
At 1 January	163,418	291,506
Provision during the year (Note 9)	1,817,216	-
Utilised during the year	<u>(153,418)</u>	<u>(128,088)</u>
At 31 December	<u>1,827,216</u>	<u>163,418</u>
Presented as:		
Current	<u>1,827,216</u>	<u>163,418</u>

The following table analyses the financial liabilities of the Company in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	2021 RM	2020 RM
Total trade and other payables	324,216,220	331,474,594
Add: Amount due to an affiliated company	4,744	4,744
Amounts due to equity holders of the holding company	18,659,273	18,659,563
Less: Provision for maintenance	<u>(1,827,216)</u>	<u>(163,418)</u>
Total financial liabilities carried at amortised cost	<u>341,053,021</u>	<u>349,975,483</u>

19. Amounts due to equity holders of the holding company

The amounts due to equity holders of the holding company is non-trade, unsecured, interest-free and repayable on demand.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

20. Related party disclosures

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year.

	2021 RM	2020 RM
Interest expense on advance due to holding company	17,726,582	17,758,932

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established under negotiated terms.

- (b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year is as follows:

	2021 RM	2020 RM
Short-term employee benefits	753,320	912,920
Defined contribution plan	106,377	125,242
Allowances	96,880	90,884
Fees	35,000	24,500
	<u>991,577</u>	<u>1,153,546</u>

21. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

21. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables, amount due from holding company and amount due from an affiliated company. The risk in relation to the amount due from the GoM as compensation for the imposition of toll rates lower than those as provided for under the Concession Agreement is sovereign in nature. For other financial assets (including cash and bank balances and investment securities), the Company minimises credit risk by dealing exclusively with reputable financial institutions.

The Company's receivables are monitored on an ongoing basis and the status of major receivables are reported to the Board of Directors.

Credit risk concentration profile

At the reporting date, the Company had significant concentration of credit risk that may arise from exposure to amount due from holding company which accounted for 61% (2020: 94%) of the Company's financial asset at amortised cost. At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

21. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks. (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2021				
Financial liabilities:				
Trade and other payables	2,476,918	-	-	2,476,918
Amount due to an affiliated company	4,744	-	-	4,744
Amounts due to equity holders of the holding company	18,659,273	-	-	18,659,273
Advances due to holding company	32,507,778	136,756,008	274,615,184	443,878,970
Total undiscounted financial liabilities	53,648,713	136,756,008	274,615,184	465,019,905

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

21. Financial risk management objectives and policies (cont'd.)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks. (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2020				
Financial liabilities:				
Trade and other payables	11,455,172	-	-	11,455,172
Amount due to an affiliated company	4,744	-	-	4,744
Amounts due to equity holders of the holding company	18,659,563	-	-	18,659,563
Advances due to holding company	42,016,407	128,281,362	299,964,508	470,262,277
Total undiscounted financial liabilities	72,135,886	128,281,362	299,964,508	500,381,756

The Company relies on the equity holders of its holding company, Gamuda Berhad and MMC Corporation Berhad, for continued financial support to enable it to meet its obligations as and when they fall due.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from its advances due to holding company.

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

22. Fair values of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other receivables	13
Amount due from holding company	14
Amount due to an affiliated company	14
Advances due to holding company	18
Trade and other payables	18
Amounts due to equity holders of the holding company	19

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of current and non-current advances due to holding company is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and financial liabilities carried at fair value in the statements of financial position are as follows:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 - inputs that are significant to the fair value measurement are unobservable.

At the reporting date, the Company held the following asset carried at fair value on the statements of financial position.

	Level 1	
	2021	2020
	RM	RM
Investment securities	6,745,067	25,996,580

200201031709 (599374-W)

Syarikat Mengurus Air Banjir & Terowong Sdn. Bhd.
(Incorporated in Malaysia)

23. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, refinance existing borrowings, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2021 and 2020.

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY

The SCAs are entered to facilitate the toll restructuring by amending the terms of the Concession Agreements to incorporate the latest terms as agreed with the Government of Malaysia.

In addition, each Offer is conditional upon each Expressway Concession Company entering into such SCA, without which the Vendors and the Purchaser cannot proceed to sign the Finalised SSPA as it is one of the conditions precedent stated in the CLOOs which is required to be fulfilled prior to the execution of the Finalised SSPA.

The salient terms of the SCAs are as follows:

A. KESAS

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and Kesas (“**Kesas 6th SCA**”) shall take effect from the date as specified by the Government of Malaysia in its written notice to Kesas (“**Kesas SCA Effective Date**”) after all the conditions precedent in Kesas 6th SCA (as set out in paragraph (b) below) have been fulfilled by Kesas to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of Kesas between Kesas Holdings and ALR shall have been completed on or before the aforesaid Kesas SCA Effective Date and provided further that such Kesas SCA Effective Date shall be a date within a period of four (4) months from the date of Kesas 6th SCA (“**Kesas SCA CP Period**”) or any extended Kesas SCA CP Period.

(b) Conditions Precedent

Kesas 6th SCA is conditional upon the fulfillment of the following conditions by Kesas:

- (vii) the shareholder of Kesas, Kesas Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in Kesas;
- (viii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;
- (ix) the approval from the Government of Malaysia approving the change in shareholder of Kesas shall have been obtained. Nevertheless, pursuant to clause 19.4 of Kesas Concession Agreement, Kesas is only required to provide notification to the Government of Malaysia for any change in shareholder of Kesas. As such, Kesas had via its letter dated 22 April 2022 to the Ministry of Works (*KKR*), Malaysia, notified the Government of Malaysia of the change in shareholder and acknowledgment from the Ministry of Works (*KKR*), Malaysia on the same was obtained on 29 April 2022;
- (x) the approval from the Government of Malaysia approving the stamp duty and tax exemption for Kesas and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 for Kesas and ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);
- (xi) ALR and Kesas Holdings shall have executed the Finalised SSPA for Kesas. This can only be fulfilled subsequent to the approval from the shareholders of Kesas Holdings and your approval at our forthcoming EGM being obtained;
- (xii) Kesas has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against Kesas or the Government of Malaysia in respect of the concession granted (“**Kesas Concession**”) pursuant to the Kesas Concession Agreement; and

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

- (xiii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the Kesas Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

(c) Extension of Kesas Concession Period

The Kesas Concession Period shall be extended until 31 July 2034 ("**Kesas Extended Concession Period**") subject to the agreed toll rate ("**Kesas Agreed Toll Rate**") which shall not be reviewed and shall be applicable throughout the Kesas Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the Kesas Agreed Toll Rate, the Government of Malaysia shall compensate Kesas. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - TA$$

Where:

- CA = the amount of compensation payable in respect of the relevant concession year;
- \sum = summation for all classes of vehicles;
- AT = the Kesas Agreed Toll Rate which should have been applied for the relevant concession year for the particular class of vehicle;
- TV = the actual traffic volume by classes and by toll plaza for the relevant concession year;
- TA = the aggregate toll collected by Kesas for the relevant concession year.

(d) Early Surrender of Kesas Concession

The Kesas Concession and the land obtained by the Government of Malaysia and made available to Kesas pursuant to the Kesas Concession Agreement and required for the Kesas Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of Kesas and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of Kesas by ALR.

(e) New Kesas Agreed Toll Rate

The Kesas Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the Kesas Extended Concession Period be as follows:

AWAN BESAR (EASTBOUND AND WESTBOUND) TOLL PLAZAS, SUNWAY TOLL PLAZA AND KEMUNING TOLL PLAZA

Concession Years	Toll Payable According to Classes of Vehicles (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
1 January 2022 - 31 July 2034	2.00	3.00	4.00	1.00	1.50

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

(f) Deletion of Limit of Indebtedness

The maximum limit of indebtedness of Kesas to all its lenders other than its shareholder in the sum of RM1,250,000,000 which was imposed on Kesas in Kesas Concession Agreement is deleted in its entirety.

B. SPRINT

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and SPRINT (“**SPRINT 5th SCA**”) shall, take effect from the date as specified by the Government of Malaysia in its written notice to SPRINT (“**SPRINT SCA Effective Date**”) after all the conditions precedent in SPRINT 5th SCA (as set out in paragraph (b) below) have been fulfilled by SPRINT to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of SPRINT between SPRINT Holdings and ALR shall have been completed on or before the aforesaid SPRINT SCA Effective Date and provided further that such SPRINT SCA Effective Date shall be a date within a period of four (4) months from the date of SPRINT 5th SCA (“**SPRINT SCA CP Period**”) or any extended SPRINT SCA CP Period.

(b) Conditions Precedent

SPRINT 5th SCA is conditional upon the fulfillment of the following conditions by SPRINT:

- (i) the shareholder of SPRINT, SPRINT Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in SPRINT;
- (ii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;
- (iii) the approval from the Government of Malaysia approving the change in shareholder of SPRINT shall have been obtained. Approval from the Ministry of Works (KKR), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister’s Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;
- (iv) the approval from the Government of Malaysia approving the stamp duty and tax exemption for SPRINT and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 2 June 2022 for SPRINT, 1 June 2022 for ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);
- (v) ALR and SPRINT Holdings shall have executed the Finalised SSPA for SPRINT. This can only be fulfilled subsequent to the approval from the shareholders of SPRINT Holdings and your approval at our forthcoming EGM being obtained;
- (vi) SPRINT has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against SPRINT or the Government of Malaysia in respect of the concession granted (“**SPRINT Concession**”) pursuant to the SPRINT Concession Agreement; and

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

- (vii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the SPRINT Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

(c) Extension of SPRINT Concession Period

The SPRINT Concession Period shall be extended as follows:

- (i) in respect of package A and package B highways, until 30 November 2044; and
(ii) in respect of package C highway, until 30 November 2041

(collectively be referred to as "**SPRINT Extended Concession Period**") subject to the agreed toll rate ("**SPRINT Agreed Toll Rate**") which shall not be reviewed and shall be applicable throughout the SPRINT Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the SPRINT Agreed Toll Rate, the Government of Malaysia shall compensate SPRINT. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - TA$$

Where:

CA = the amount of compensation payable in respect of the relevant concession year;

\sum = summation for all classes of vehicles;

AT = the SPRINT Agreed Toll Rate which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for the relevant concession year;

TA = the aggregate toll collected by SPRINT for the relevant concession year.

(d) Early Surrender of the SPRINT Concession

The SPRINT Concession and the land obtained by the Government of Malaysia and made available to SPRINT pursuant to the SPRINT Concession Agreement and required for the SPRINT Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of SPRINT and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of SPRINT by ALR.

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

(e) New SPRINT Agreed Toll Rate

The SPRINT Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the SPRINT Extended Concession Period be as follows:

PENCHALA/KIARA TOLL PLAZA, PANTAI TOLL PLAZA AND DAMANSARA TOLL PLAZA

Concession Years	Toll Plaza	Toll Payable According to Classes of Vehicles (RM)				
		Class 1 Vehicle	Class 2 Vehicle	Class 3 Vehicle	Class 4 Vehicle	Class 5 Vehicle
1 January 2022 – 30 November 2041	Bukit Penchala Toll Plaza	3.00	6.00	9.00	1.50	2.00
1 January 2022 – 30 November 2044	Pantai Toll Plaza	2.50	7.00	10.50	1.80	1.50
	Jalan Damansara Toll Plaza	2.00	4.00	6.00	1.00	1.00

(f) Deletion of Limit of Indebtedness

The maximum limit of indebtedness of the Government of Malaysia to the lenders in the sum of RM1,100,000,000 or in the sum of RM700,000,000 in the event that SPRINT is unable to proceed with package C highway, which was imposed on the Government of Malaysia in SPRINT Concession Agreement is deleted in its entirety.

C. LITRAK

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and LITRAK (“**LITRAK 3rd SCA**”) shall take effect from the date as specified by the Government of Malaysia in its written notice to LITRAK (“**LITRAK SCA Effective Date**”) after all the conditions precedent in LITRAK 3rd SCA (as set out in paragraph (b) below) have been fulfilled by LITRAK to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of LITRAK between LITRAK Holdings and ALR shall have been completed on or before the aforesaid LITRAK SCA Effective Date and provided further that such LITRAK SCA Effective Date shall be a date within a period of four (4) months from the date of LITRAK 3rd SCA (“**LITRAK SCA CP Period**”) or any extended LITRAK SCA CP Period.

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

(b) Conditions Precedent

LITRAK 3rd SCA is conditional upon the fulfillment of the following conditions by LITRAK:

- (i) the shareholder of LITRAK, LITRAK Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in LITRAK;
- (ii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;
- (iii) the approval from the Government of Malaysia approving the change in shareholder of LITRAK shall have been obtained. Approval from the Ministry of Works (KKR), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister's Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;
- (iv) the approval from the Government of Malaysia approving the stamp duty and tax exemption for LITRAK and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 for LITRAK and ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);
- (v) ALR and LITRAK Holdings shall have executed the Finalised SSPA for LITRAK. This can only be fulfilled subsequent to the approval from the shareholders of LITRAK Holdings being obtained;
- (vi) LITRAK has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against LITRAK or the Government of Malaysia in respect of the concession granted ("**LITRAK Concession**") pursuant to the LITRAK Concession Agreement; and
- (vii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the LITRAK Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

(c) Extension of LITRAK Concession Period

The LITRAK Concession Period shall be extended until 31 July 2040 (“**LITRAK Extended Concession Period**”) subject to the agreed toll rate (“**LITRAK Agreed Toll Rate**”) which shall not be reviewed and shall be applicable throughout the LITRAK Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the LITRAK Agreed Toll Rate, the Government of Malaysia shall compensate LITRAK. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - TA$$

Where:

CA = the amount of compensation payable in respect of the relevant concession year;

∑ = summation for all classes of vehicles;

AT = the LITRAK Agreed Toll Rate which should have been applied for the relevant concession year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for the relevant concession year;

TA = the aggregate toll collected by LITRAK for the relevant concession year.

(d) Early Surrender of LITRAK Concession

The LITRAK Concession and the land (including the right of way and any land required for future widening) obtained by the Government of Malaysia and made available to LITRAK pursuant to the LITRAK Concession Agreement and required for the LITRAK Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of LITRAK and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of LITRAK by ALR.

(e) New LITRAK Agreed Toll Rate

The LITRAK Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the LITRAK Extended Concession Period be as follows:

PENCHALA TOLL PLAZA, PJ SELATAN TOLL PLAZA, PUCHONG BARAT TOLL PLAZA, AND PUCHONG SELATAN TOLL PLAZA

Concession Years	Toll Payable According to Classes of Vehicles (RM)				
	Class 1	Class 2	Class 3	Class 4	Class 5
1 January 2022 - 31 July 2040	2.10	4.20	6.30	1.10	1.60

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

(f) Deletion of Limit of Indebtedness

The maximum limit of indebtedness of LITRAK to its lenders in the sum of RM1,000,000,000 which was imposed on LITRAK in LITRAK Concession Agreement is deleted in its entirety.

D. SMART

(a) Effective Date

The SCA dated 25 April 2022 executed between the Government of Malaysia and SMART ("**SMART 1st SCA**") shall take effect from the date as specified by the Government of Malaysia in its written notice to SMART ("**SMART SCA Effective Date**") after all the conditions precedent in SMART 1st SCA (as set out in paragraph (b) below) have been fulfilled by SMART to the satisfaction of the Government of Malaysia, provided that the executed Finalised SSPA of SMART between Smart Holdings and ALR shall have been completed on or before the aforesaid SMART SCA Effective Date and provided further that such SMART SCA Effective Date shall be a date within a period of four (4) months from the date of SMART 1st SCA ("**SMART SCA CP Period**") or any extended SMART SCA CP Period.

(b) Conditions Precedent

SMART 1st SCA is conditional upon the fulfillment of the following conditions by SMART:

- (i) the shareholder of SMART, SMART Holdings, shall have obtained the approval of its shareholders for the disposal of its shares in SMART;
- (ii) a special purpose vehicle known as ALR has been incorporated under the Companies Act 2016 [Act 777] established for the sole purpose as agreed by the Government of Malaysia and the constitution of ALR shall provide that the objective is solely as a holding company of highway concession companies. ALR was incorporated on 13 December 2021;
- (iii) the approval from the Government of Malaysia approving the change in shareholder of SMART shall have been obtained. Approval from the Ministry of Works (KKR), Malaysia was obtained on 29 April 2022 and approval from the Public Private Partnership Unit, Prime Minister's Department (*Unit Kerjasama Awam Swasta (UKAS), Jabatan Perdana Menteri*) was obtained on 11 May 2022;
- (iv) the approval from the Government of Malaysia approving the stamp duty and tax exemption for SMART and ALR shall have been obtained. Approval from the Ministry of Finance, Malaysia for income tax exemption and stamp duty exemption was obtained on 1 June 2022 for SMART and ALR and on 3 June 2022 (in respect of the effective period for income tax exemption);
- (v) ALR and SMART Holdings shall have executed the Finalised SSPA for SMART. This can only be fulfilled subsequent to the approval from the shareholders of SMART Holdings and your approval at our forthcoming EGM being obtained;
- (vi) SMART has obtained the conditional approval from the existing lenders to settle the existing remaining debts and no further claims will be made against SMART or the Government of Malaysia in respect of the concession granted ("**SMART Concession**") pursuant to the SMART Concession Agreement; and
- (vii) ALR has duly executed the letter of undertaking which is addressed to the Government of Malaysia to undertake, amongst others, to return the SMART Concession to the Government of Malaysia, as soon as practicable upon the full redemption of ALR's financial debts. ALR had on 1 July 2022 executed the said letter of undertaking.

APPENDIX IX – SALIENT TERMS OF THE SUPPLEMENTAL CONCESSION AGREEMENTS BETWEEN THE GOVERNMENT OF MALAYSIA WITH EACH EXPRESSWAY CONCESSION COMPANY (CONT'D)

(c) Extension of SMART Concession Period

The SMART Concession Period shall be extended until 30 November 2048 (“**SMART Extended Concession Period**”) subject to the agreed toll rate (“**SMART Agreed Toll Rate**”) which shall not be reviewed and shall be applicable throughout the SMART Extended Concession Period. In the event the Government of Malaysia imposes a toll rate lower than the SMART Agreed Toll Rate, the Government of Malaysia shall compensate SMART. The compensation amount is to be determined and certified by the operation auditors to be calculated in the following manner:

$$CA = \sum [AT \times TV] - [TA + OI]$$

Where:

CA = the amount of compensation payable in respect of the relevant operating year;

∑ = summation for all classes of vehicles;

AT = the SMART Agreed Toll Rate which should have been applied for the relevant operating year for the particular class of vehicle;

TV = the actual traffic volume by classes and by toll plaza for relevant operating year;

TA = the aggregate toll collected by SMART for the relevant operating year;

OI = any other income generated from advertisements located on the motorway.

(d) Early Surrender of SMART Concession

The SMART Concession and the land (including the right of way and any land required for future widening) obtained by the Government of Malaysia and made available to SMART pursuant to the SMART Concession Agreement and required for the SMART Concession shall revert to or vest in the Government of Malaysia by the 90th calendar day after the date of the full and final settlement of all the financial debts of ALR under the financing documents which are directly related to the refinancing of the existing debt and the financing of the acquisition of SMART and any other highway concession companies, acquired by ALR on or about the same date of the acquisition of SMART by ALR.

(e) New SMART Agreed Toll Rate

The SMART Agreed Toll Rate shall with effect from 1 January 2022 until expiry of the SMART Extended Concession Period be as follows:

Operating Period	Agreed Toll Rate (RM)
1 January 2022 - 30 November 2048	3.00



GAMUDA BERHAD

[Registration No. 197601003632 (29579-T)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“**EGM**”) of Gamuda Berhad (“**Gamuda**” or the “**Company**”) will be conducted fully virtual through online meeting platform via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) in Malaysia on Wednesday, 27 July 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolutions set out below:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL BY KESAS HOLDINGS BERHAD (“KESAS HOLDINGS”) OF ALL THE SECURITIES IN KESAS SDN BHD (“KESAS”) TO AMANAT LEBUHRAYA RAKYAT BERHAD (“ALR”), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN KESAS HOLDINGS AND ALR, IN RESPECT OF GAMUDA’S 70.0% DIRECT INTEREST IN KESAS HOLDINGS (“PROPOSED DISPOSAL OF KESAS”)

“**THAT** subject to the fulfilment of all conditions precedent under the conditional letter of offer from ALR dated 2 April 2022, the Directors of the Company be and are hereby authorised and empowered to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to procure Kesas Holdings to enter into and execute the final form of the conditional share sale and purchase agreement between Kesas Holdings and ALR (“**Kesas Finalised SSPA**”) with full powers to assent to any modifications, conditions, variations and/or amendments to the Kesas Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the Kesas Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above (“**Kesas Executed SSPA**”) and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for Kesas Holdings to dispose 5,000,000 ordinary shares in Kesas, representing 100% of the issued share capital of Kesas for a disposal consideration of RM1,285 million to be fully satisfied in cash which is based on the enterprise value of Kesas of RM1,240 million as at 31 December 2021, upon such terms and conditions contained in the Kesas Executed SSPA.

AND THAT the Directors of the Company be and are hereby authorised and empowered to assent to any further modifications, conditions, variations and/or amendments to the Kesas Executed SSPA, as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient and to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to implement and give full effect to the Proposed Disposal of Kesas.”

ORDINARY RESOLUTION 2

PROPOSED DISPOSAL BY SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD (“SPRINT HOLDINGS”) OF ALL THE SECURITIES IN SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD (“SPRINT”) TO AMANAT LEBUHRAYA RAKYAT BERHAD (“ALR”), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN SPRINT HOLDINGS AND ALR, IN RESPECT OF GAMUDA’S 30.0% DIRECT INTEREST IN SPRINT HOLDINGS (“PROPOSED DISPOSAL OF SPRINT”)

“**THAT** subject to the fulfilment of all conditions precedent under the conditional letter of offer from ALR dated 2 April 2022, the Directors of the Company be and are hereby authorised and empowered to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to procure SPRINT Holdings to enter into and execute the final form of the conditional share sale and purchase agreement between SPRINT Holdings and ALR (“**SPRINT Finalised SSPA**”) with full powers to assent to any modifications, conditions, variations and/or amendments to the SPRINT Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the SPRINT Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above (“**SPRINT Executed SSPA**”) and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for SPRINT Holdings to dispose 50,000,000 ordinary shares in SPRINT, representing 100% of the issued share capital of SPRINT for a disposal consideration of RM904 million to be fully satisfied in cash which is based on the enterprise value of SPRINT of RM1,808 million as at 31 December 2021, upon such terms and conditions contained in the SPRINT Executed SSPA.

AND THAT the Directors of the Company be and are hereby authorised and empowered to assent to any further modifications, conditions, variations and/or amendments to the SPRINT Executed SSPA, as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient and to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to implement and give full effect to the Proposed Disposal of SPRINT.”

ORDINARY RESOLUTION 3

PROPOSED DISPOSAL BY PROJEK SMART HOLDINGS SDN BHD (“SMART HOLDINGS”) OF ALL THE SECURITIES IN SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN BHD (“SMART”) TO AMANAT LEBUHRAYA RAKYAT BERHAD (“ALR”), SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN SMART HOLDINGS AND ALR, IN RESPECT OF GAMUDA’S 50.0% DIRECT INTEREST IN SMART HOLDINGS (“PROPOSED DISPOSAL OF SMART”)

“**THAT** subject to the fulfilment of all conditions precedent under the conditional letter of offer from ALR dated 2 April 2022, the Directors of the Company be and are hereby authorised and empowered to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to procure SMART Holdings to enter into and execute the final form of the conditional share sale and purchase agreement between SMART Holdings and ALR (“**SMART Finalised SSPA**”) with full powers to assent to any modifications, conditions, variations and/or amendments to the SMART Finalised SSPA prior to the execution thereof.

THAT subject to the execution of the SMART Finalised SSPA with any modifications, conditions, variations and/or amendments as authorised above (“**SMART Executed SSPA**”) and subject to all approvals being obtained from the relevant authorities and parties (where applicable), approval be and is hereby given for SMART Holdings to dispose 20,000,000 ordinary shares in SMART, representing 100% of the issued share capital of SMART and 3,030,000 redeemable preference shares in SMART, representing 100% of the redeemable preference shares of SMART for a disposal consideration of RM1.00 to be fully satisfied in cash based on the enterprise value of SMART of RM313 million as at 31 December 2021, upon such terms and conditions contained in the SMART Executed SSPA.

AND THAT the Directors of the Company be and are hereby authorised and empowered to assent to any further modifications, conditions, variations and/or amendments to the SMART Executed SSPA, as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient and to take all such steps and do all such acts, matters and things, as they may deem fit, necessary and/or expedient to implement and give full effect to the Proposed Disposal of SMART.”

BY ORDER OF THE BOARD

LIM SOO LYE
(LS0006461) (SSM PC NO. 201908002053)

PANG SIOK TIENG
(MAICSA 7020782) (SSM PC NO. 201908001079)
Company Secretaries

Petaling Jaya
12 July 2022

Notes:

1. *Virtual EGM:*
The EGM will be conducted fully virtual through online meeting platform via Tricor's TIIH Online website. The Members are advised to follow the procedures as set out in the Administrative Details for the EGM on the registration and voting process for the EGM.
2. *Every Member of the Company is entitled to:-*
 - i. *appoint another person as his proxy to exercise all or any of his rights to participate and/or vote at the EGM and that proxy may but need not be a Member of the Company.*
 - ii. *appoint more than one (1) person as his proxy provided that he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.*
4. *Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the nominee specifies the number of shares to be represented by each proxy.*
5. *If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.*
6. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.*
7. *The Form of Proxy shall be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof*
 - i. *Hard copy:*
The original signed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
OR
 - ii. *Electronic means:*
You may also submit the Form of Proxy electronically via Tricor's TIIH Online website at <https://tiih.online> by following the procedures provided in the Administrative Details for the EGM.
8. *a Depositor whose name appears in the Record of Depositors as at 19 July 2022 shall be entitled to participate and/or vote remotely in the EGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor or appoints a proxy or proxies to participate and/or vote on his/her behalf.*

Form of Proxy

CDS account no. of authorised nominee (Note 1)

*I/We (full name and in block letters) _____

*NRIC/Passport/Company No. (compulsory) _____ Mobile Phone No.: _____

Address (in block letters): _____

being a member of **Gamuda Berhad** ("the Company") hereby appoint:-

First Proxy

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and **Second Proxy** (as the case may be)

Full name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing *him/her, the Chairman of the Meeting as *my/our Proxy to vote for *me/our behalf at the Extraordinary General Meeting of the Company to be conducted fully virtual through online meeting platform via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia on Wednesday, 27 July 2022 at 10.00 a.m. or any adjournment thereof.

Resolution	Ordinary Resolution	For	Against
1	Proposed Disposal of Kesas		
2	Proposed Disposal of SPRINT		
3	Proposed Disposal of SMART		

(Please indicate with an "X" or "√" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/her discretion)

Signed this _____ day of _____, 2022.

No. of Shares held

Signature/Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. *Virtual EGM*
The EGM will be conducted fully virtual through online meeting platform via Tricor's TIH Online website. The Members are advised to follow the procedures as set out in the Administrative Details for the EGM on the registration and voting process for the EGM.
2. *Every Member of the Company is entitled to:-*
 - i. *appoint another person as his proxy to exercise all or any of his rights to participate and/or vote at the EGM and that proxy may but need not be a Member of the Company.*
 - ii. *appoint more than one (1) person as his proxy provided that he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. If more than one (1) proxy is appointed, the appointment shall be invalid unless the Authorised Nominee specifies the proportions of the shareholdings to be represented by each proxy.*
4. *Where a Member is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed in respect of each Omnibus Account, the appointment shall be invalid unless the nominee specifies the number of shares to be represented by each proxy.*
5. *If the appointor is a corporation, the Form of Proxy shall be under the corporation's seal or under the hand of an officer or attorney duly authorised.*
6. *If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.*
7. *Form of Proxy shall be submitted in the following manner, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof*
 - i. *Hard copy:*
The original signed Form of Proxy must be deposited with the Share Registrar of the Company, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
OR
 - ii. *Electronic means:*
You may also submit the Form of Proxy electronically via Tricor's TIH Online website at <https://tiah.online> by following the procedures provided in the Administrative Details for the EGM.
8. *Only a Depositor whose name appears in the Record of Depositors as at 19 July 2022 shall be entitled to participate and/or vote remotely in the EGM via the Remote Participation and Voting facilities provided by Tricor or appoints a proxy or proxies to participate and/or vote on his/her behalf.*

** Delete where not applicable*

Fold this flap for sealing

Then fold here

The Share Registrar
Gamuda Berhad
[Co. Regn. No. 197601003632 (29579-T)]
c/o Tricor Investor & Issuing House Services Sdn Bhd
[Co. Regn. No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

AFFIX
STAMP

1st fold here
