



Ekovest Berhad
(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

Notes to the Interim Financial Report (1st Quarter - 30 September 2018)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Malaysian Financial Reporting Standard ('MFRS') 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the Group's annual reports and financial statements for the year ended 30 June 2018.

The financial statements of the Group for the three months period ended 30 September 2018 are the first set of interim financial statements prepared in accordance with the MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group from 1 July 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 July 2017.

1.1 Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 30 June 2018, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee Interpretation ("IC Interpretation") that are effective for the Group from 1 July 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation does not have significant impact on the financial position and financial performance of the Group nor any of the Group's significant accounting policies, other than MFRS 9 and MFRS 15 as disclosed below:



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1.1 Changes in Accounting Policies (cont'd)

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements.

MFRS 9 contains a new impairment model based on expected losses (as opposed to the 'incurred loss' model under MFRS 139), i.e. a loss event needs not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group's financial assets and financial liabilities.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 replaces MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue - Barter Transactions Involving Advertising Services.

In general, the Group recognises revenue to depict the transfer of a promised good or service to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that good or service. Depending on the terms of the contract, the Group recognises revenue when the performance obligation is satisfied, which may be at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The effects of adoption of MFRS 15 arise mainly due to the liquidated ascertained damages payable to customers is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as an expense charged to the profit or loss when the obligation arises.

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1.1 Changes in Accounting Policies (cont'd)

The effects of adoption of MFRS 15 are as follows:

	As previously stated RM'000	Effects of adoption of MFRS 15 RM'000	As restated RM'000
Consolidated Statement of Financial Position as at 30 June 2018			
Current assets			
Gross amount due from customers	108,871	(108,871)	-
Contract assets	-	331,749	331,749
Property development costs	384,138	9,365	393,503
Accrued billings	210,331	(210,331)	-
Equity			
Retained earnings	1,092,435	21,912	1,114,347
Current Liabilities			
Gross amount due to contract customers	818	(818)	-
Contract liabilities	-	818	818
Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2018			
Revenue	1,051,907	(22,643)	1,029,264
Cost of sales	678,598	(6,238)	672,360
Gross profit	373,309	(16,405)	356,904
Administrative and general expenses	83,833	(21,850)	61,983
Profit before tax	152,910	5,445	158,355
Net profit for the year	103,183	5,445	108,628
Total comprehensive income for the year	103,183	5,445	108,628
Net profit for the year attributable to owners of the Company	114,249	5,445	119,694
Total comprehensive income for the year attributable to owners of the Company	114,249	5,445	119,694

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1.1 Changes in Accounting Policies (cont'd)

	As previously stated RM'000	Effects of adoption of MFRS 15 RM'000	As restated RM'000
Consolidated Statement of Comprehensive Income for the cumulative 3 months ended 30 September 2017			
Revenue	230,640	(1,483)	229,157
Cost of sales	141,896	(342)	141,554
Gross profit	88,744	(1,141)	87,603
Administrative and general expenses	14,178	(69)	14,109
Profit before tax	55,884	(1,072)	54,812
Net profit for the year	41,148	(1,072)	40,076
Total comprehensive income for the year	41,148	(1,072)	40,076
Net profit for the year attributable to owners of the Company	39,907	(1,072)	38,835
Total comprehensive income for the year attributable to owners of the Company	39,907	(1,072)	38,835
Consolidated Statement of Comprehensive Income for the current 3 months ended 30 September 2017			
Revenue	230,640	(1,483)	229,157
Cost of sales	141,896	(342)	141,554
Gross profit	88,744	(1,141)	87,603
Administrative and general expenses	14,178	(69)	14,109
Profit before tax	55,884	(1,072)	54,812
Net profit for the year	41,148	(1,072)	40,076
Total comprehensive income for the year	41,148	(1,072)	40,076
Net profit for the year attributable to owners of the Company	39,907	(1,072)	38,835
Total comprehensive income for the year attributable to owners of the Company	39,907	(1,072)	38,835



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1.2 Malaysian Financial Reporting Standards (“MFRS”)

On 19 November 2011, the MASB issued a new approved accounting framework, i.e. Malaysian Financial Reporting Standards (“MFRS”). The MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and / or IC Interpretation 15 Agreements for Construction of Real Estate, including the entities’ parent, significant investor and venture (referred to as ‘Transitioning Entities’ collectively). Transitioning Entities are allowed to defer adoption of the MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 30 June 2019. In presenting its first sets of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Group. Accordingly, the financial performance and financial position of the Group as presented in these condensed interim financial statements could be different if prepared in accordance with MFRS.



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A2 Audit Report

The preceding annual financial statements of the group were not qualified.

A3 Seasonal or Cyclical Factors

Although seasonal or cyclical changes have minimal impact on the operations of the Group, the business is nevertheless susceptible to the vagaries of the construction and property development industries.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the period under review.

A5 Changes in the Estimates of Amount Reported Previously With Material Effect in Current Interim Period

Not applicable.

A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividend

The shareholders have on 27 November 2018 approved the payment of a first and final single tier dividend of 1 sen per ordinary share amounting to RM21,392,029 for the financial year ended 30 June 2018. The said dividend will be paid on 22 January 2019 to members whose name appear in the Record of Depositors on 31 December 2018.



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A8 Segmental Information

Segmental information is presented in respect of the Group's business segment. Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)		Current Financial Year	Preceding Financial Year (Restated)	
	30/09/2018 RM'000	30/09/2017 RM'000	Changes %	30/09/2018 RM'000	30/09/2017 RM'000	Changes %
Revenue						
Construction operations	164,031	156,470	4.83	164,031	156,470	4.83
Property development	97,254	41,146	136.36	97,254	41,146	136.36
Toll operations	43,337	31,294	38.48	43,337	31,294	38.48
Investment holding	263	247	6.48	263	247	6.48
	304,885	229,157	33.05	304,885	229,157	33.05

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A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)		Current Financial Year	Preceding Financial Year (Restated)	
	30/09/2018 RM'000	30/09/2017 RM'000	Changes %	30/09/2018 RM'000	30/09/2017 RM'000	Changes %
Gross profit						
Construction operations	48,583	47,632	2.00	48,583	47,632	2.00
Property development	31,280	16,905	85.03	31,280	16,905	85.03
Toll operations	33,901	23,012	47.32	33,901	23,012	47.32
Investment holding	70	54	29.63	70	54	29.63
	113,834	87,603	29.94	113,834	87,603	29.94
Other income	2,491	1,751	42.26	2,491	1,751	42.26
Administrative expenses	(15,644)	(14,109)	10.88	(15,644)	(14,109)	10.88
Profit before interest and Tax	100,681	75,245	33.80	100,181	75,245	33.80
Interest income	5,501	3,709	48.31	5,501	3,709	48.31
Interest expense	(46,802)	(24,142)	93.86	(46,802)	(24,142)	93.86
Profit before Tax	59,380	54,812	8.33	59,380	54,812	8.33



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A9 Revaluation of Property, Plant and Equipment

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter ended compared to most recent annual financial statements.

A10 Material Subsequent Event

There have been no material event subsequent to the quarter and period ended 30 September 2018.

A11 Changes in Composition of the Group

The Company had on 4 September 2018, incorporated a new wholly-owned subsidiary known as Duke Dinings Sdn Bhd (“DDSB”) with an issue and paid-up share capital of RM2.00. The intended principal activity of DDSB is dealing in food and beverage related activities. On 13 September 2018, DDSB acquired the entire issued and paid-up capital in Gama Mewah Sdn Bhd and Sinarmega Kapital Sdn Bhd, at a total cash consideration of RM2.00 each. Both the companies are currently dormant.

Other than the above changes, there were no changes in the composition of the Company or the Group for the quarter under review.

A12 Contingent Liabilities

There have been no contingent liabilities subsequent to the quarter and period ended 30 September 2018.

A13 Capital Commitments

Capital commitments of the Group as 30 September 2018 are as follows -

	RM ‘000
Capital expenditure in respect of :	
- purchase of properties, approved and contracted for	35,070
- concession assets, approved and contracted for	<u>2,178,210</u>



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A14 Significant Related Party Transactions

The Group has significant related party transactions with companies in which certain directors of the Company have interests, as follows:

**As at
30 September 2018
RM '000**

**With company in which certain
Directors of the Company, have interests:**

Besteel Engtech Sdn Bhd	24,479
Lim Seong Hai Lighting Sdn Bhd	2,888
Knusford Construction Sdn Bhd	19,318
Knusford Landscape Sdn Bhd	360
Knusford Marketing Sdn Bhd	4,341

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B1 Financial Review

Financial review for current quarter

	Individual Period (1 st Quarter)		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)	Amount	%
	30/09/2018 RM'000	30/09/2017 RM'000	RM'000	
Revenue	304,885	229,157	75,728	33.05
Gross Profit	113,834	87,603	26,231	29.94
Profit Before Interest and Tax	100,681	75,245	25,436	33.80
Profit Before Tax	59,380	54,812	4,568	8.33
Profit After Tax	40,914	40,076	838	2.09
Profit Attributable to Ordinary Equity Holders of Parent	43,867	38,835	5,032	12.96

Current quarter (“1Q 2019”) against preceding year corresponding quarter (“1Q 2018”)

For the 1Q 2019, the Group registered revenue of RM304.885 million and profit before tax of RM59.38 million as compared to revenue of RM229.157 million and profit before tax of RM54.812 million reported in the 1Q 2018. The increase in the Group revenue was mainly due to higher contribution from the property development and toll operation sectors. Although the revenue has increased by 33.05%, the profit before tax for the current year quarter as compared to the preceding corresponding quarter only increased by 8.33% due mainly to higher interest expense incurred for the toll operation sector in the current quarter.

The performance of the respective operating business segments for the 1Q 2019 under review as compared to the 1Q 2018 is analysed as follow:

Construction operations

The construction sector reported a higher revenue of RM164.031 million for the 1Q 2019 as compared to RM156.470 million in 1Q 2018. The increase in revenue and gross profit in the 1Q 2019 were mainly due to the higher construction workdone recognized for Duke Phase 3, while other River Of Life projects have also contributed to the increase in the revenue for this current quarter.



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B1 Financial Review (cont'd)

Financial review for current quarter

Property development

The property development segment reported a higher revenue of RM97.254 million as compared to RM41.146 million in the preceding year corresponding quarter. Higher sales recognition for property development following increase in progress work done has contributed to a higher revenue for the segment. Correspondingly, the gross profit for this quarter has increased as compared to the preceding year corresponding quarter which is in tandem with the increase in revenue.

Toll operations

The toll operations sector registered a higher revenue of RM43.337 million in 1Q 2019 as compared to RM31.294 million in 1Q 2018. There is an increase of 38.48% in the toll revenue due to the increase in traffic volume and the additional contribution from the opening of the Duke Phase 2 on 23 October 2017. As a result of the increased revenue, the sector reported a higher gross profit of RM33.901 million as against RM23.012 million in 1Q 2018.

In the preceding year corresponding quarter, the finance cost incurred for Duke Phase 2 was capitalized as the toll collections has not commenced, whereas in this current year quarter, with the commencement of the toll in Duke Phase 2, the finance cost is fully recognized in the income statement.

Investment holding

Revenue for the current quarter slightly increased from RM0.247 million to RM0.263 million arising from the additional rental income generated from the investment properties. Correspondingly, this has increased the sector's gross profit for the quarter.

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B1 Financial Review (cont'd)

Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To- Date	Preceding Year Corresponding Period (Restated)	Amount	%
	30/09/2018 RM'000	30/09/2017 RM'000	RM'000	
Revenue	304,885	229,157	75,728	33.05
Gross Profit	113,834	87,603	26,231	29.94
Profit Before Interest and Tax	100,681	75,245	25,436	33.80
Profit Before Tax	59,380	54,812	4,568	8.33
Profit After Tax	40,914	40,076	838	2.09
Profit Attributable to Ordinary Equity Holders of Parent	43,867	38,835	5,032	12.96

Current year to date (“YTD 2019”) against preceding year corresponding period (“YTD 2018”)

For the YTD 2019, the financial review for the Group compared with the YTD 2018 are similar to the financial review of the current quarter (“1Q 2019”) against preceding year corresponding quarter (“1Q 2018”). Please refer to the above for the analysis of the performance of the respective operating business segments.

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B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter (Restated)	Changes	
	30/09/2018	30/06/2018	Amount	%
	RM'000	RM'000	RM'000	
Revenue	304,885	286,320	18,565	6.48
Gross Profit	113,834	79,607	34,227	43.00
Profit Before Interest and Tax	100,681	63,834	36,847	57.72
Profit Before Tax	59,380	9,695	49,685	512.48
Profit/(Loss) After Tax	40,914	(445)	41,359	9294.16
Profit Attributable to Equity Holders of the Company	43,867	9,459	34,408	363.76

The Group recorded a revenue of RM304.885 million for the current quarter as compared to the preceding quarter of RM286.320 million. The increase in the revenue as compared to preceding quarter was mainly due to higher contribution from the property development and toll operation segments.

The profit before tax for the current year quarter of RM59.38 million is higher as compared to the immediate preceding quarter of RM9.695 million mainly due to higher revenue and gross profit for current quarter. In the immediate preceding quarter, the profit before tax was substantially lower due to higher expenses incurred for the corporate exercise on the voluntary general offer (please refer to Note B13(b)) and the provision for liquidated ascertained damages for the development project.

B3 Prospects

The Board expects the ongoing construction of SPE, River of Life and related projects, the toll revenue and the recognition of unbilled sales from property development activities continue to contribute positively to the Group's turnover and profitability in the current financial year.

Barring any unforeseen circumstances, the Board is confident that the Group's performance would remain satisfactory for the financial year ending 30 June 2019.



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B4 Forecast/Profit Guarantee

There is no profit guarantee or financial forecast for the current quarter and for the year.

B5 Taxation

	CURRENT QUARTER ENDED 30 SEPTEMBER 2018 RM '000	GROUP 3 MONTHS ENDED 30 SEPTEMBER 2018 RM '000
Malaysian taxation		
- current	15,301	15,301
- deferred	3,165	3,165
	<hr/>	<hr/>
	18,466	18,466

The effective tax rate for the quarter is higher than the statutory tax rate mainly due to the losses incurred by certain subsidiaries and certain expenses not being deductible for tax purposes.

B6 Profit on Sale of Investment and/or Properties

There were no sale of investment or properties during the quarter and period ended 30 September 2018.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B7 Group Borrowings

AMOUNT REPAYABLE WITHIN ONE YEAR	CURRENT 1st QUARTER ENDED 30 SEPTEMBER 2018 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2017 RM '000
Bank overdraft		
-secured	34,460	36,605
-unsecured	990	143
Bank Term Loans-secured	19,828	76,868
Medium term notes	16,215	18,371
Revolving credit-secured	443,388	260,000
	<u>514,881</u>	<u>391,987</u>

AMOUNT REPAYABLE AFTER ONE YEAR	CURRENT 1st QUARTER ENDED 30 SEPTEMBER 2018 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2017 RM '000
Bank Term Loans-secured	450,004	554,942
Medium term notes	18,758	16,068
Islamic medium term notes	5,392,835	5,353,679
	<u>5,861,597</u>	<u>5,924,689</u>

The increase in the Group's borrowing is mainly for the purpose of construction projects financing and general working capital requirements.



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B8 Material Litigation

Save as disclosed below as at 30 September 2018, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board are not aware and do not have any knowledge of any proceedings, pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and its subsidiaries :

A dispute arose between our Company ("**Plaintiff**") and Shapadu Construction Sdn Bhd ("**Shapadu**") or ("**Defendant**") in respect of five (5) packages of sub-contract work under the New North Klang Straits Bypass Highway Project ("**Project**"). The holding company of the Defendant i.e. Lebuhraya Shapadu Sdn Bhd ("**Lebuhraya Shapadu**"), is the employer of the Project.

Our claims against the Defendant are, inter alia, the following:

- (i) the sum of RM29,558,720.93 on quantum meruit for loss and damage under the sub-contract; and/or alternatively; and
- (ii) the sum of RM7,459,356.15 being the uncertified value of work done and the sum of RM8,217,960.68 being retention monies in respect of work executed and the value of goods and material delivered under the sub-contract.

The Defendant's counter claims against our Company are, *inter alia*, the following:

- (i) the sum of RM33,010,000.00 allegedly being the liquidated ascertained damages ("**LAD**") due to the Defendant;
- (ii) the sum of RM30,700,000.00 being the LAD due to Lebuhraya Shapadu;
- (iii) the sum of RM2,008,868.93 as an indemnity for failure to carry-out and maintain the work;
- (iv) the sum of RM22,189,859.75 as an indemnity for the cost of completion;
- (v) the sum of RM8,298,455.65 as indemnity for damages suffered by Lebuhraya Shapadu in completing the work; and
- (iv) the sum of RM2,006,101.39 as an indemnity for the loss and expense suffered by Lebuhraya Shapadu.

On 1 August 2000, we issued a notice to arbitrate and the hearing of the arbitration commenced on 14 August 2006. Both the Plaintiff and Defendant have closed their cases and the hearing for the arbitration was adjourned to a date to be fixed. The arbitration proceeding is kept in abeyance pending settlement of the dispute.. As at the LPD, the parties have yet to finalise a settlement proposal.

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B8 Material Litigation (cont'd)

Our Directors are of the opinion that the financial impact on our Group is minimal since we had sub-contracted all the relevant work to a third party on a “back-to-back” basis, and the third party sub-contractor has agreed to indemnify us against any losses or damages that we may suffer in the event Shapadu’s counter claim is allowed by the court.

Further, we had sought legal advice in respect of the counter claim made by Shapadu and our solicitors are of the opinion that we have a reasonable prospect of defending the claim particularly when the employer has not taken action against the Defendant since most of the claims are on indemnity basis. On that premises, this dispute with Shapadu is not envisaged to have any material adverse impact on the financial position of our Group.

B9 Dividend

The Directors have proposed, subject to shareholders’ approval in the forth coming annual general meeting to be convened and consent from the lenders, where applicable, a first and final single tier dividend of 1 sen per share. The date of the payment of dividend shall be announced in due course.

B10 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 September 2018 RM ‘000	Preceding year corresponding quarter 30 September 2017 (Restated) RM ‘000	3 Months to 30 September 2018 RM ‘000	3 Months to 30 September 2017 (Restated) RM ‘000
(a) Basic earnings per share				
Net profit attributable to ordinary shareholders	43,867	38,835	43,867	38,835
Weighted average number of ordinary share issue ('000)	2,139,238	2,139,203	2,139,238	2,139,203
Basic earnings per ordinary share (sen)	2.05	1.82	2.05	1.82
(b) Diluted earnings per ordinary Share (sen)	2.05	1.82	2.05	1.82



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B11 Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current quarter ended 30 September 2018 RM '000	3 months ended 30 September 2018 RM '000
Profit before tax is stated after charging / (crediting) :		
Interest income	(5,501)	(5,501)
Other income including investment income	(2,491)	(2,491)
Interest expense	46,802	46,802
Depreciation and amortization	8,426	8,426

B13 Corporate Exercises

B13 (a)

The Board of Directors of Ekovest Berhad ("**Board**"), had on 21 September 2016, announced our wholly-owned subsidiary, Nuzen Corporation Sdn Bhd ("**Nuzen**") had entered into a binding term sheet with Employees Provident Fund Board ("**EPF**") to dispose a 40% equity interest held in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("**Kesturi**") to EPF.

On 8 November 2016, on behalf of the Board of Directors of Ekovest ("**Board**"), CIMB Investment Bank Berhad ("**CIMB**"), Astramina Advisory Sdn Bhd ("**Astramina**") and AmlInvestment Bank Berhad ("**AmlInvestment**") announced that Nuzen had entered into a conditional share sale agreement ("**SSA**") with EPF for the disposal of:

- (i) 3,440,400 ordinary shares of RM1.00 each in Kesturi, a wholly-owned subsidiary of Nuzen; and
- (ii) 18,000,000 redeemable preference shares of RM1.00 each in Kesturi,

which represents 40% of the issued and paid-up share capital of Kesturi, for a total cash consideration of RM1,130.0 million, subject to the terms and conditions contained in the SSA ("**Disposal**").



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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

B13 Corporate Exercises (cont'd)

In addition, the Company proposes to undertake the following:

- (i) proposed share split involving the subdivision of every two (2) existing ordinary shares of RM0.50 each into five (5) ordinary shares of RM0.20 each in EkoVest held on an entitlement date to be determined and announced later ("**Share Split**"); and
- (ii) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the implementation of the Share Split ("**Amendments**").

On 18 November 2016, it was announced that the applications relating to the Share Split have been submitted to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and on 22 December 2016 announced that Bursa Securities resolved to approve the Share Split and listing of and quotation for up to 183,310,470 additional warrants arising from the adjustments to be made pursuant to the Share Split and up to 183,310,470 subdivided shares to be issued arising from the exercise of additional warrants, on the Main Market of Bursa Securities.

On 19 January 2017, the shareholders of the Company have approved the resolutions in respect of the Disposal, Share Split and Amendments.

The Disposal has been completed on 13 February 2017 and in accordance with the terms of the Share Sale Agreement, Nuzen and EPF have entered into the Shareholders' Agreement on 13 February 2017.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B13 Corporate Exercises (cont'd)

The status of utilisation of proceeds raised from the Proposed Disposal which was completed on 13 February 2017 are as follows:

Purpose	Gross Proceeds (RM '000)	Actual Utilisation (RM '000)	Balance (RM '000)	Deviation (RM '000)	Intended Timeframe for Utilisation
Repayment of borrowings	400,000	400,000	Nil	Nil	Within 6 months
Distribution to shareholders of Ekovest (<i>Note 1</i>)	Between 213,862 and 244,414	213,920	Nil	Nil	Within 6 months
Exit Payment	149,000	Nil	149,000	Nil	(<i>Note 2</i>)
General corporate and working capital	Between 325,168 and 355,720	355,662	Nil	Nil	Within 24 months
Estimated expenses for the Proposal	11,418	11,418	Nil	Nil	Within 6 months
	1,130,000	981,000	149,000		

Remarks :

The total cash consideration for this Proposed Disposal is RM1,130.0 million, which is payable in the following manner :

- (a) On the completion date, EPF shall pay to Nuzen the completion sum of RM921.0 million; and
- (b) Within 7 Business Days following the receipt by Nuzen of a copy of the CPC for Duke Phase-2, EPF shall pay to Nuzen the CPC payment of RM209.0 million, of which the Exit Payment of RM149.0 million is to be deposited into the Designated Accounts and Nuzen shall retain the Exit Payment and all Accrued Income.

Note (1) : The Proposed Distribution represents a cash dividend of RM0.25 per share. The Proposed Dividend has been paid on 8 March 2017 amounting to RM213.92 million. The actual amount paid to the shareholders of the Company is based on the Company's shares outstanding as the entitlement date.

Note (2) : Nuzen is entitled to the full legal and beneficial rights and title to the Exit Payment amounting to RM149.0 million and the Accrued Income but is obligated to retain the Exit Payment and the Accrued Income in the Designated Account. As at to-date, Nuzen has received the CPC Payment which includes the Exit Payment. Amount received to-date is RM1,130.0 million only.



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B13 Corporate Exercises (cont'd)

B13 (b)

On 31 October 2017, the Board announced that the Company has received a proposal letter from Tan Sri Dato' Lim Kang Hoo ("**TSDLKH**"), the major shareholder of the Company in relation to a reorganisation exercise involving *inter alia* the acquisition by the Company of all the ordinary shares in Iskandar Waterfront City Berhad ("**IWC Shares**") held by the existing shareholders of Iskandar Waterfront City Berhad ("**IWC**"), excluding IWC Shares held by Iskandar Waterfront Holdings Sdn Bhd (who is proposed by TSDLKH not to accept the offer by the Company for the acquisition of its shares in IWC), representing approximately 62% of the issued and paid-up share capital of IWC as at the date of this announcement ("**Proposed Acquisition**").

On behalf of the Board, Mercury Securities Sdn Bhd ("**Mercury Securities**") (*being the Principal Adviser*) and Astramina Advisory Sdn Bhd ("**Astramina**") (*being the Financial Adviser*) have announced that the Board had received a letter of undertaking dated 27 November 2017 from IWH, wherein IWH undertakes that, *inter alia*, it shall not accept the offer to be made by EkoVest under the Proposed Acquisition.

On 18 December 2017, Mercury Securities and Astramina announced that the Board (*save for the Interested Directors*) has, after having considered all aspects of the Proposed Offer, decided to present the Proposed Offer to the non-interested shareholders of EkoVest for consideration at an Extraordinary General Meeting ("**EGM**") of the Company to be convened.

In accordance with Paragraph 9.10(1) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**"), Mercury Securities and Astramina served a notice of conditional voluntary general offer ("**Notice**") on the board of directors of IWCity informing them of the Company's intention to undertake a conditional voluntary general offer to acquire all the Offer Shares in IWCity comprising the following:-

- (i) 837,388,857 ordinary shares in IWCity ("**IWCity Shares**"), representing the entire issued share capital of IWCity as at 11 December 2017; and
- (ii) any new IWCity Shares that may be issued prior to the closing date of the Proposed Offer arising from the exercise of outstanding employee share options in IWCity ("**IWCity ESOS Options**"),

(collectively referred to as the "**Offer Shares**")



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B13 Corporate Exercises (cont'd)

for a consideration of RM1.50 per Offer Share ("**Offer Price**"), which shall be satisfied by way of:-

- (i) a cash consideration of RM1.50 for every 1 Offer Share surrendered ("**Cash Option**");
or
- (ii) a share exchange based on an exchange ratio of 1 new ordinary share in EkoVest ("**EkoVest Share**") to be issued at an issue price of RM1.50 each ("**Issue Price**") ("**Consideration Share**") for every 1 Offer Share surrendered ("**Share Exchange Option**").

On 22 December 2017, Mercury Securities and Astramina announced that the relevant applications in respect of the Proposed Offer have been submitted to the regulatory authorities. In addition, on 8 January 2018, the Securities Commission Malaysia ("**SC**") had granted an approval for an extension of time to despatch the Offer Document i.e. to be despatched within 2 market days from:-

- (i) Bursa Securities' clearance of the Circular; or
- (ii) the SC's notification of no further comments to the Offer Document,

whichever is later, but in any event no later than 84 days from the date of the Notice, being 12 March 2018.

On 12 March 2018, Mercury Securities and Astramina announced that EkoVest has despatched the Offer Document which sets out the details, terms and conditions of the Offer, together with the Form of Acceptance and Transfer for the Offer Shares to the Board of Directors of IWCity and the holders of the Offer Shares. A notice was sent out to inform that EkoVest's EGM was to be held on 29 March 2018.

On behalf of the Board, Mercury Securities and Astramina announced that the shareholders of EkoVest have not approved the resolution pertaining to the Proposed Offer at the EGM held on 29 March 2018.

In view of the above, the Proposed Offer has lapsed and all acceptances received pursuant to the Proposed Offer will be returned to the respective shareholders of IWCity.

Other than the above, there is no corporate proposals announced but not completed as at the date of this quarterly report.