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 (3rd Quarter - 31 March 2019)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Malaysian Financial Reporting Standards (‘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:

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.

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
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

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 9 months ended 31 March 2018			
Revenue	749,032	(5,756)	743,276
Cost of sales	467,389	(1,227)	466,162
Gross profit	281,643	(4,529)	277,114
Administrative and general expenses	51,026	(155)	50,871
Profit before tax	151,472	(4,374)	147,098
Net profit for the year	112,274	(4,374)	107,900
Total comprehensive income for the year	112,274	(4,374)	107,900
Net profit for the year attributable to owners of the Company	113,435	(4,374)	109,061
Total comprehensive income for the year attributable to owners of the Company	113,435	(4,374)	109,061
Consolidated Statement of Comprehensive Income for the current 3 months ended 31 March 2018			
Revenue	220,516	(1,965)	218,551
Cost of sales	137,950	(425)	137,525
Gross profit	82,566	(1,540)	81,026
Administrative and general expenses	25,017	(58)	24,959
Profit before tax	21,549	(1,482)	20,067
Net profit for the year	15,666	(1,482)	14,184
Total comprehensive income for the year	15,666	(1,482)	14,184
Net profit for the year attributable to owners of the Company	18,603	(1,482)	17,121
Total comprehensive income for the year attributable to owners of the Company	18,603	(1,482)	17,121

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.

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 was paid on 22 January 2019 to members whose name appear in the Record of Depositors on 31 December 2018.

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)	
	31/03/2019 RM'000	31/03/2018 RM'000	Changes %	31/03/2019 RM'000	31/03/2018 RM'000	Changes %
Revenue						
Construction operations	258,491	107,318	140.86	685,680	446,550	53.55
Property development	17,665	70,865	(75.07)	168,754	188,499	(10.47)
Toll operations	43,793	40,183	8.98	131,022	107,652	21.71
Investment holding	10,664	185	5,664.32	11,223	575	1,851.83
	330,613	**218,551**	51.27	**996,679**	**743,276**	34.09

A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)		Current Financial Year	Preceding Financial Year (Restated)	
	31/03/2019 RM'000	31/03/2018 RM'000	Changes %	31/03/2019 RM'000	31/03/2018 RM'000	Changes %
Gross profit						
Construction operations	72,681	25,090	189.68	194,137	122,574	58.38
Property development	4,250	24,820	(82.88)	52,024	72,339	(28.08)
Toll operations	33,335	31,052	7.35	101,577	81,921	23.99
Investment holding	(2,260)	64	(3,631.25)	(2,041)	280	(828.93)
	108,006	**81,026**	**33.30**	**345,697**	**277,114**	**24.75**
Other income	7,452	1,459	410.76	10,806	5,111	111.43
Administrative expenses	(22,450)	(24,959)	10.05	(56,991)	(50,871)	(12.03)
Profit before interest and Tax	93,008	57,526	61.68	299,512	231,354	29.46
Interest income	5,423	7,222	(24.91)	16,097	14,577	10.43
Interest expense	(48,946)	(44,681)	(9.55)	(146,942)	(98,833)	(48.68)
Profit before Tax	**49,485**	**20,067**	**146.60**	**168,667**	**147,098**	**14.66**

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

On 25 April 2019, the Company had submitted an application to Bursa Securities in respect of the listing and quotation of up to 256,446,959 placement shares to be issued pursuant to the private placement of up to 10% of the total number of issued shares of Ekovest, on the Main Market of Bursa Securities which was subsequently approved on 29 April 2019.

The issue price for the first tranche of the private placement has been fixed on 6 May 2019 **("**Price-Fixing Date**")** at RM0.83 per Placement Share **("**First Tranche**").** The First Tranche will comprise up to 214,812,359 Placement Shares, calculated based on 10% of the total number of issued shares of Ekovest as at 3 May 2019. The issue price of RM0.83 per placement share represents a discount of approximately 7.12% to the five (5)-day volume weighted average market price of Ekovest Shares up to and including 3 May 2019.

On 16 May 2019, the first tranche of the private placement comprising 214,800,000 placement shares has been completed following the listing and quotation of 214,800,000 placement shares on the Main Market of Bursa Securities. The remaining placement shares not issued under the First Tranche will be issued in subsequent tranches within six (6) months from 29 April 2019, being the date of Bursa Securities' approval letter for the listing and quotation of the placement shares on the Main Market of Bursa Securities. For the avoidance of doubt, such remaining placement shares will include 10% of any new Ekovest Shares which were/will be issued pursuant to the exercise of the outstanding ESOS Options and Warrants subsequent to 3 May 2019, being the last market day prior to the Price-Fixing Date.

Other than the above, there have been no material event subsequent to the quarter and period ended 31 March 2019.

A11 Changes in Composition of the Group

On 12 March 2019, Ekovest had entered into a conditional share purchase agreement with Serumpun Abadi Sdn Bhd ("SASB") for the proposed acquisition by Ekovest of 23.42% equity interest in PLS Plantations Berhad ("PLS") from SASB for a total cash consideration of RM76.50 million or RM1.00 per ordinary share in PLS. The acquisition was completed on 18 March 2019 following the payment of the purchase consideration and the crediting of the acquisition shares into Ekovest's central depository system account on even date. With these, the Group has completed the acquisition of PLS being an investment in associate. Other than the above, there were no other 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 31 March 2019.

A13 Capital Commitments

Capital commitments of the Group as 31 March 2019 are as follows -

	RM '000
Capital expenditure in respect of :	
- purchase of properties, approved and contracted for	2,682
- concession assets, approved and contracted for	1,656,636

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 31 March 2019 RM '000
With company in which certain Directors of the Company, have interests:	
Besteel Engtech Sdn Bhd	55,468
Knusford Construction Sdn Bhd	77,583
Knusford Marketing Sdn Bhd	11,905

Notes to the Interim Financial Report (3rd Quarter - 31 March 2019)

B1 Financial Review

Financial review for current quarter

	Individual Period (3rd Quarter)		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)	Amount	%
	31/03/2019 RM'000	31/03/2018 RM'000	RM'000	
Revenue	330,613	218,551	112,062	51.27
Gross Profit	108,006	81,026	26,980	33.30
Profit Before Interest and Tax	93,008	57,526	35,482	61.68
Profit Before Tax	49,485	20,067	29,418	146.60
Profit After Tax	31,670	14,184	17,486	123.28
Profit Attributable to Ordinary Equity Holders of Parent	29,401	17,121	12,280	71.72

Current quarter ("3Q 2019") against preceding year corresponding quarter ("3Q 2018")

For the 3Q 2019, the Group registered revenue of RM330.613 million and profit before tax of RM49.485 million as compared to revenue of RM218.551 million and profit before tax of RM20.067 million reported in the 3Q 2018. The increase in the Group revenue and profit before tax was mainly due to higher contribution from the construction operation.

The performance of the respective operating business segments for the 3Q 2019 under review as compared to the 3Q 2018 is analysed as follow:

Construction operations

The construction sector reported a higher revenue of RM258.491 million for the 3Q 2019 as compared to RM107.318 million in 3Q 2018. The increase in revenue and gross profit in the 3Q 2019 were mainly due to the higher construction work done recognized for Duke Phase 3. The construction works on River Of Life projects also contributed to the increase in the revenue for this current quarter.

B1 Financial Review (cont'd)

Financial review for current quarter

Property development

The property development segment reported lower revenue of RM17.665 million as compared to RM70.865 million in the preceding year corresponding quarter. The lower revenue recognition for property development compared to the preceding year corresponding quarter was mainly due to finalization of the progress work for EkoCheras Shopping Mall, whereby the costs are capitalized as investment properties. Correspondingly, the gross profit for this quarter has decreased as compared to the preceding year corresponding quarter in line with the decrease in revenue.

Toll operations

The toll operations sector registered a higher revenue of RM43.793 million in 3Q 2019 as compared to RM40.183 million in 3Q 2018. There is an increase of approximately 8.98% in the toll revenue due to the increase in traffic volume. As a result of the increased revenue, the sector reported a higher gross profit of RM33.335 million in 3Q 2019 as against RM31.052 million in 3Q 2018.

Investment holding

Revenue for the current quarter increased from RM0.185 million to RM10.664 million arising from the initial recognition of rental income generated from the EkoCheras Shopping Mall. However, this sector reported an operating loss of RM2.260 million mainly due to rental rebates given to the tenants.

B1 Financial Review (cont'd)

<u>Financial review for financial year to date</u>

	Cumulative Period		Changes	
	Current Year To- Date	**Preceding Year Corresponding Period (Restated)**	Amount	%
	31/03/2019 RM'000	**31/03/2018 RM'000**	RM'000	
Revenue	996,679	743,276	253,403	34.09
Gross Profit	345,697	277,114	68,583	24.75
Profit Before Interest and Tax	299,512	231,354	68,158	29.46
Profit Before Tax	168,667	147,098	21,569	14.66
Profit After Tax	113,775	107,900	5,875	5.44
Profit Attributable to Ordinary Equity Holders of Parent	117,177	109,061	8,116	7.44

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

For the YTD 2019, the Group registered a revenue of RM996.679 million and profit before tax of RM168.667 million as compared to the revenue of RM743.276 million and profit before tax of RM147.098 million reported in YTD 2018.

The performance of the respective operating business segments for the YTD 2019 under review as compared to the YTD 2018 is analysed as follows:

<u>Construction operations</u>

The construction sector reported a higher revenue of RM685.680 million for the YTD 2019 as compared to RM446.550 million in YTD 2018. The increase in revenue and gross profit in the YTD 2019 were mainly due to the higher construction work done recognized for Duke Phase 3. The construction works on River Of Life projects also contributed to the increase in the revenue as compared to the progress construction workdone recognized in YTD 2018.

B1 Financial Review (cont'd)

<u>Financial review for financial year to date</u>

<u>Property development</u>

The property development segment for the YTD 2019 reported a lower revenue of RM168.754 million as compared to RM188.499 million in the preceding year. Lower revenue recognition for property development was due to concentration on progress work to complete the EkoCheras Shopping Mall, whereby the costs are capitalized as investment properties. Correspondingly, the gross profit for this YTD 2019 has decreased as compared to the preceding YTD 2018 which is in tandem with the decrease in revenue.

<u>Toll operations</u>

The toll operations sector registered a higher revenue of RM131.022 million in YTD 2019 as compared to RM107.652 million in YTD 2018. There is an increase of approximately 21.71% in the toll revenue due to the increase in traffic volume and the additional contribution from the opening of the Duke Phase 2 on October 2017. Correspondingly, this sector recorded a higher gross profit for YTD 2019 of RM101.577 million as against RM81.921 million in YTD 2018.

In the preceding year, the finance cost incurred for Duke Phase 2 was capitalized up to the opening of the Duke Phase 2 on October 2017. Therefore the finance costs for the YTD 2018 was lower whereas in this current YTD 2019, with the commencement of the toll in Duke Phase 2, the finance cost is fully recognized in the income statement.

<u>Investment holding</u>

Revenue for the YTD 2019 increased from RM0.575 million to RM11.223 million arising from the initial recognition of rental income generated from the EkoCheras Shopping Mall. Although the revenue has increased, this sector reported an operating loss of RM2.041 million mainly due to rental rebates given to the tenants.

B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Quarter	**Immediate Preceding Quarter**	Changes	
	31/03/2019	**31/12/2018**	Amount	%
	RM'000	**RM'000**	RM'000	
Revenue	330,613	361,181	(30,568)	(8.46)
Gross Profit	108,006	123,857	(15,851)	(12.80)
Profit Before Interest and Tax	93,008	105,823	(12,815)	(12.11)
Profit Before Tax	49,485	59,802	(10,317)	(17.25)
Profit After Tax	31,670	41,191	(9,521)	(23.11)
Profit Attributable to Equity Holders of the Company	29,401	43,909	(14,508)	(33.04)

The Group recorded revenue of RM 330.613 million and profit before tax of RM49.485 million in the current quarter as compared to revenue of RM361.181 million and profit before tax of RM59.802 million in the immediate preceding quarter. The decrease of 8.46% in the revenue and 17.25% decrease in profit before tax as compared to immediate preceding quarter was mainly due to lower contribution from the property development sector due to finalization of the progress work to complete the construction of the EkoCheras Shopping Mall.

B3 Prospects

The Board expects the ongoing construction of SPE, River of Life beautification packages, 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. The Company is working closely with the Government on various infrastructure projects which has been proposed to the Government. In addition, the Company is also working together with the local partners in Sabah and Sarawak to tender and secure construction contracts directly from the Government. The Board is hopeful that the Company is able to secure some of these projects.

Barring any unforeseen circumstances, the Board is cautiously optimistic on the Group's performance for the remaining period of the financial year ending 30 June 2019.

B4 Forecast/Profit Guarantee

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

B5 Taxation

	GROUP	
	CURRENT QUARTER ENDED 31 MAR 2019 RM '000	9 MONTHS ENDED 31 MAR 2019 RM '000
Malaysian taxation		
- current	29,205	61,562
- deferred	(11,390)	(6,670)
	17,815	54,892

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 31 March 2019.

B7 Group Borrowings

AMOUNT REPAYABLE WITHIN ONE YEAR	CURRENT 3rd QUARTER ENDED 31 MAR 2019 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2018 RM '000
Bank overdraft		
-secured	46,096	42,049
-unsecured	1,038	155
Bank Term Loans-secured	7,818	70,729
Medium term notes	16,215	18,371
Revolving credit-secured	591,488	290,169
	662,655	421,473

AMOUNT REPAYABLE AFTER ONE YEAR	CURRENT 3rd QUARTER ENDED 31 MAR 2019 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2018 RM '000
Bank Term Loans-secured	463,199	553,740
Medium term notes	18,261	16,070
Islamic medium term notes	5,413,866	5,372,790
	5,895,326	5,942,600

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

B8 Material Litigation

Save as disclosed below as at 31 March 2019, 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.

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

No interim dividend has been declared for the quarter ended 31 March 2019.

B10 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 March 2019	Preceding year corresponding quarter 31 March 2018 (Restated)	9 Months to 31 March 2019	9 Months to 31 March 2018 (Restated)
	RM '000	RM '000	RM '000	RM '000
(a) Basic earnings per share				
Net profit attributable to ordinary shareholders	29,401	17,121	117,177	109,061
Weighted average number of ordinary share issue ('000)	2,139,869	2,139,203	2,139,869	2,139,203
Basic earnings per ordinary share (sen)	1.37	0.80	5.48	5.10
(b) Diluted earnings per ordinary Share (sen)	1.37	0.80	5.48	5.10

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

	Current quarter ended 31 March 2019 RM '000	9 months ended 31 March 2019 RM '000
Profit before tax is stated after charging / (crediting) :		
Interest income	(2,598)	(13,272)
Other income including investment income	(10,277)	(13,631)
Interest expense	48,946	146,942
Depreciation and amortization	10,482	27,690

B12 Corporate Exercises

B12 (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 AmInvestment Bank Berhad ("**AmInvestment**") 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 ofNuzen; 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**").

B12 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.

B12 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 *(Note1)*	Between 213,862 and 244,414	213,920	Nil	Nil	Within 6 months
Exit Payment	149,000	Nil	149,000	Nil	*(Note 2)*
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.

B12 Corporate Exercises (cont'd)

B12 (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**")

B12 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 send 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.