Ekovest Berhad
(Company No. 132493-D)
(Incorporated in Malaysia)

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

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Notes to the Interim Financial Report – For the Financial Year Ended 30 June 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			
Non-current assets			
Deferred tax assets	14,612	(4,758)	9,854
Current assets			
Gross amount due from customers	108,871	(108,871)	-
Contract assets	-	323,960	323,960
Contract costs	-	19,108	19,108
Property development costs	384,138	(2,164)	381,974
Trade and other receivables	227,777	2,125	229,902
Accrued billings	210,331	(210,331)	-
Equity			
Retained earnings	1,092,435	16,983	1,109,418
Current Liabilities			
Gross amount due to contract customers	818	(818)	-
Contract liabilities	-	20,818	20,818
Trade and other payables	489,026	(17,914)	471,112

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 financial year ended 30 June 2018			
Revenue	1,051,907	(15,041)	1,036,866
Cost of sales	678,598	(7,288)	671,310
Gross profit	373,309	(7,753)	365,556
Administrative and general expenses	92,881	(19,764)	73,117
Profit before tax	152,910	12,011	164,921
Taxation	49,727	806	50,533
Net profit for the year	103,183	11,205	114,388
Total comprehensive income for the year	103,183	11,205	114,388
Net profit for the year attributable to owners of the Company	114,249	11,205	125,454
Total comprehensive income for the year attributable to owners of the Company	114,249	11,205	125,454

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 quarter and twelve months ended 30 June 2019.

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 (Unaudited)	Preceding Year Corresponding Quarter (Restated)		Current Financial Year (Unaudited)	Preceding Financial Year (Restated)	
	30/06/2019 RM'000	30/06/2018 RM'000	*Changes %*	30/06/2019 RM'000	30/06/2018 RM'000	*Changes %*
Revenue						
Construction operations	260,672	182,351	*43.0*	946,352	628,901	*50.5*
Property development	27,851	71,192	*-60.9*	196,605	259,691	*-24.3*
Toll operations	45,069	39,762	*13.3*	176,091	147,414	*19.5*
Investment holding and others	4,907	285	*1621.8*	16,130	860	*1775.6*
Total	**338,499**	**293,590**	***15.3***	**1,335,178**	**1,036,866**	***28.8***
Gross profit						
Construction operations	82,539	46,711	*76.7*	276,676	169,285	*63.4*
Property development	(9,542)	12,443	*-176.7*	42,482	84,782	*-49.9*
Toll operations	35,250	29,417	*19.8*	136,827	111,338	*22.9*
Investment holding and others	2,336	(129)	*1910.9*	295	151	*95.4*
Total	**110,583**	**88,442**	***25.0***	**456,280**	**365,556**	***24.8***

A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			**CUMULATIVE PERIOD**		
	Current Year Quarter (Unaudited)	**Preceding Year Corresponding Quarter (Restated)**		**Current Financial Year (Unaudited)**	**Preceding Financial Year (Restated)**	
	30/06/2019	**30/06/2018**	***Changes***	**30/06/2019**	**30/06/2018**	***Changes***
	RM'000	**RM'000**	***%***	**RM'000**	**RM'000**	***%***
Other income	2,625	1,580	*66.1*	13,431	6,691	*100.7*
Fair value gain on investment properties	36,655	4,186	*775.7*	36,655	4,186	*775.7*
Administrative and general expenses	(47,432)	(22,246)	*113.2*	(104,423)	(73,117)	*42.8*
Share of result of associate	(333)	-	*NM*	(333)	-	*NM*
Profit before interest and tax	**102,098**	**71,962**	***41.9***	**401,610**	**303,316**	***32.4***
Interest income	12,709	7,678	*65.5*	28,806	22,255	*29.4*
Interest expense	(57,208)	(61,817)	*-7.5*	(204,150)	(160,650)	*27.1*
Profit before tax	**57,599**	**17,823**	***223.2***	**226,266**	**164,921**	***37.2***

NM – not meaningful

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 were no material events subsequent to the end of the current quarter.

A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12 Contingent Liabilities

There were no changes in contingent liabilities as at 30 June 2019.

A13 Capital Commitments

Capital commitments of the Group as at 30 June 2019 are as follows -

	RM '000
Approved and contracted for capital expenditure in respect of :	
- concession assets	1,407,444

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:

	12 months ended 30 June 2019 RM'000
With company in which certain Directors of the Company, have interests:	
Besteel Engtech Sdn Bhd	56,129
Knusford Construction Sdn Bhd	115,278
Knusford Marketing Sdn Bhd	15,909
Teras Hijaujaya Sdn Bhd	3,808

Notes to the Interim Financial Report – For the Financial Year Ended 30 June 2019

B1 Financial Review

<u>Financial review for current quarter</u>

	Individual Period (4th Quarter)		Changes	
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter (Restated)		
	30/06/2019 RM'000	30/06/2018 RM'000	RM'000	%
Revenue	338,499	293,590	44,909	*15.3*
Gross profit	110,583	88,442	22,141	*25.0*
Profit before interest and tax	102,098	71,962	30,136	*41.9*
Profit before tax	57,599	17,823	39,776	*223.2*
Profit after tax	16,669	6,488	10,181	*156.9*
Profit attributable to owners of the Company	23,298	16,393	6,905	*42.1*

Current quarter ("4Q 2019") against preceding year corresponding quarter ("4Q 2018")

For the 4Q 2019, the Group registered revenue of RM338.499 million and profit before tax of RM57.599 million as compared to revenue of RM293.590 million and profit before tax of RM17.823 million reported in the 4Q 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 4Q 2019 under review as compared to the 4Q 2018 is analysed as follow:

<u>Construction operations</u>

The construction sector reported a higher revenue of RM260.672 million for the 4Q 2019 as compared to RM182.351 million in 4Q 2018. The increase in revenue and gross profit in the 4Q 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 RM27.851 million and a gross loss of RM9.542 million as compared to a revenue of RM71.192 million and a gross profit of RM12.443 million in the preceding year corresponding quarter. This is mainly due to the finalization of the property development in EkoCheras project in this current quarter whereby additional costs were incurred and provided for the completion of the 3 blocks of service apartments.

Toll operations

The toll operations sector registered a higher revenue of RM45.069 million in 4Q 2019 as compared to RM39.762 million in 4Q 2018. There is an increase of approximately 13.3% 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 RM35.250 million in 4Q 2019 as against RM29.417 million in 4Q 2018. However, due to high financing costs, this sector reported an operating loss of RM2.452 million for the current quarter under reiew.

Investment holding and others

Revenue for the current quarter increased from RM0.285 million to RM4.907 million arising from the recognition of rental income of RM2.598 million from the EkoCheras Shopping Mall and revenue of RM2.188 million from the food and beverage related activities. The gross profit from Ekocheras Shopping Mall and the food and beverage activities stood at RM0.687 million and RM0.966 million respectively. However, both sectors reported an operating loss of RM1.209 million and RM2.598 million respectively during the quarter under review.

B1 Financial Review (cont'd)

Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To- Date (Unaudited)	Preceding Year Corresponding Period (Restated)		
	30/06/2019 RM'000	30/06/2018 RM'000	RM'000	%
Revenue	1,335,178	1,036,866	298,312	*28.8*
Gross profit	456,280	365,556	90,724	*24.8*
Profit before interest and tax	401,610	303,316	98,294	*32.4*
Profit before tax	226,266	164,921	61,345	*37.2*
Profit after tax	130,444	114,388	16,056	*14.0*
Profit attributable to owners of the Company	140,475	125,454	15,021	*12.0*

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

For the YTD 2019, the Group registered a revenue of RM1,335.178 million and profit before tax of RM226.266 million as compared to the revenue of RM1,036.866 million and profit before tax of RM164.921 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:

Construction operations

The construction sector reported a higher revenue of RM946.352 million for the YTD 2019 as compared to RM628.901 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 and the River Of Life projects.

B1 Financial Review (cont'd)

Financial review for financial year to date

Property development

The property development segment for the YTD 2019 reported a lower revenue of RM196.605 million as compared to RM259.691 million in the preceding year. Lower revenue recognition for property development was mainly due to the recognition of additional cost on the completion and hand over of the 3 blocks of service apartments in EkoCheras. 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 and additional cost incurred and provided for.

Toll operations

The toll operations sector registered a higher revenue of RM176.091 million in YTD 2019 as compared to RM147.414 million in YTD 2018. There is an increase of approximately 19.5% in the toll revenue due to the increase in traffic volume on completion of Duke Phase 2 in October 2017. Correspondingly, this sector recorded a higher gross profit for YTD 2019 of RM136.827 million as against RM111.338 million in YTD 2018.

However, this sector reported an operating loss of RM0.524 milllion as compared with the preceding year operating profit of RM4.066 million due to the recognition of higher finance cost. In the preceding year, the finance costs of Duke Phase 2 was capitalized up to the opening of the Duke Phase 2 in October 2017. Hence, only 8 months of interest cost was recognized for YTD 2018 as compared to 12 months interest cost for the YTD2019.

Investment holding and others

Revenue for YTD 2019 increased from RM0.86 million to RM16.130 million arising from the recognition of rental income of RM12.958 million from the EkoCheras Shopping Mall. Although the revenue has increased, this sector reported an operating loss of RM5.052 million, mainly due to rental rebates given to the tenants. The food and beverage related activities reported a revenue of RM2.188 million with operating loss of RM2.598 million for YTD 2019.

B2 Comparison with preceding quarter results

<u>Financial review for current quarter compare with immediate preceding quarter</u>

	Current Quarter (Unaudited)	Immediate Preceding Quarter (Unaudited)	Changes	
	30/06/2019	31/03/2019		
	RM'000	RM'000	RM'000	%
Revenue	338,499	330,613	7,886	*2.4*
Gross profit	110,583	108,006	2,577	*2.4*
Profit before interest and tax	102,098	93,008	9,090	*9.8*
Profit before tax	57,599	49,485	8,114	*16.4*
Profit after tax	16,669	31,670	(15,001)	*-47.4*
Profit attributable to owners of the Company	23,298	29,401	(6,103)	*-20.8*

The Group recorded revenue of RM 338.499 million and profit before tax of RM57.599 million in the current quarter as compared to revenue of RM330.613 million and profit before tax of RM49.485 million in the immediate preceding quarter.

Group revenue has increased as compared to immediate preceding quarter mainly due to higher construction workdone recognized. Despite an increase in revenue for the current quarter, the gross profit would have been lower, should the fair value gain for investment property be excluded, due to the recognition of additional loss incurred and provided for the completion of the 3 blocks of service apartments and losses recorded for the shopping mall and food & beverage activities.

B3 Prospects

The Board expects the ongoing construction of SPE, River of Life beautification packages, the toll revenue and the sales of completed properties units will continue to contribute positively to the Group's turnover and profitability in the coming 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 of the view that the Group's performance would remain satisfactory for the coming financial year.

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 June 2019 RM '000	12 months ended 30 June 2019 RM '000
Malaysian taxation		
- current	13,263	74,825
- deferred	27,667	20,997
	40,930	95,822

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 Group Borrowings

Current Liabilities	30 June 2019 (Unaudited) RM '000	30 June 2018 (Audited) RM '000
Bank overdraft		
-secured	21,361	32,814
-unsecured	1,059	967
Bank Term Loans-secured	18,441	42,041
Medium term notes	18,749	16,215
Revolving credit-secured	620,750	435,389
	680,360	527,426

Non-current Liabilities	30 June 2019 (Unaudited) RM '000	30 June 2018 (Audited) RM '000
Bank Term Loans-secured	320,891	603,128
Medium term notes	-	18,758
Islamic medium term notes	5,424,634	5,382,573
	5,745,525	6,004,459

The overall Group's borrowings as compared to the preceeding year has decreased due to loan repayments. While Group's revolving credit has increased mainly for the purpose of construction projects financing.

B7 Material Litigation

Save as disclosed below as at 30 June 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.

B7 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.

B8 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.

B9 Earnings Per Share

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter 30 June 2019 (Unaudited)	**Preceding year corresponding quarter 30 June 2018 (Restated)**	**Current year to-date 30 June 2019 (Unaudited)**	**Preceding year Corresponding Period 30 June 2018 (Restated)**
(a) Basis earnings per share				
Net profit attributable to owners of the Company (RM'000)	23,298	16,393	140,475	125,454
Weighted average number of ordinary share issue ('000)	2,654,828	2,139,203	2,654,828	2,139,203
Basic earnings per ordinary share (sen)	0.88	0.77	5.29	5.87
(b) Diluted earnings per ordinary share (sen)	0.88	0.77	5.29	5.87

B10 Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current quarter ended 30 June 2019 RM '000	12 months ended 30 June 2019 RM '000
Profit before tax is stated after charging / (crediting) :		
Interest income	(12,709)	(28,806)
Other income including investment income	(1,925)	(12,731)
Gain on disposal of investment property	(700)	(700)
Interest expense	57,208	204,150
Depreciation and amortization	9,856	37,546

B11 Corporate Exercises

B11 (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**").

B11 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.

B11 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.

B11 Corporate Exercises (cont'd)

<u>B11 (b)</u>

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 comprised 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.

The status of utilisation of proceeds raised from the Proposed Placement which was completed on 16 May 2019 are as follows:

B11 Corporate Exercises (cont'd)

B11 (b) (cont'd)

Purpose	Gross Proceeds (RM '000)	Actual Utilisation (RM '000)	Balance (RM '000)	Deviation (RM '000)	Intended Timeframe for Utilisation
Repayment of bank borrowings	100,000	28,700	71,300	Nil	Within 6 months
Property development projects	64,000	Nil	64,000	Nil	Within 18 months
General working capital	14,044	14,044	Nil	Nil	Within 6 months
Estimated expenses in relation to the Proposed Placement	240	240	Nil	Nil	Within 6 months
	178,284	42,984	135,300		

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