EKOVEST

Ekovest Berhad

(Registration No. 198501000052 (132493-D))

INNOVATIVE FOR GREATER VALUE

ANNUAL REPORT 2019

34TH ANNUAL GENERAL MEETING

VENUE DoubleTree by Hilton Kuala Lumpur, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur.

DATE Wednesday, 27 November 2019

TIME 10.30 a.m.

CONTENTS

NOTICE OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting of the Company will be held at DoubleTree by Hilton Kuala Lumpur, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 27 November 2019 at 10.30 a.m. for the purpose of transacting the following businesses:-

AGENDA

1. To lay the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and the Auditors thereon. **Please refer Explanatory Note A**

2. To re-elect the following Directors who retire in accordance with Article 82 of the Company's Articles of Association:

   i) Dato' Lim Hoe **Resolution 1**
   ii) Dr. Wong Kai Fatt **Resolution 2**
   iii) Mr. Lee Wai Kuen **Resolution 3**

3. To approve the payment of Directors' Fees of RM270,000.00 for the financial year ended 30 June 2019. **Resolution 4**

4. To approve the payment of Directors' Benefits up to an amount of RM200,000.00 from the conclusion of the Thirty-Fourth Annual General Meeting until the next Annual General Meeting of the Company. **Resolution 5**

5. To declare a First and Final Single Tier Dividend of 1 sen per share in respect of the financial year ended 30 June 2019. **Resolution 6**

6. To re-appoint Messrs. Mazars PLT as Auditors for the financial year ending 30 June 2020 and to authorise the Directors to fix their remuneration. **Resolution 7**

7. As Special Business, to consider and if thought fit, to pass the following resolutions with or without modifications:-

   A. ORDINARY RESOLUTION
   CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

   "THAT approval be and is hereby given for Ms. Kang Hui Ling who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 8**

   B. ORDINARY RESOLUTION
   PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby given full authority to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being **AND THAT** the Directors be and are hereby given full authority to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance with the provisions of the Companies Act 2016, whichever is the earlier." **Resolution 9**

NOTICE OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING

C. ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Mandate")

"THAT authority be and is hereby given pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as stated in section 2.4 of the Circular to Shareholders dated 30 October 2019 with the related parties listed in section 2.3 of the Circular which are necessary for the day-to-day operations, in the ordinary course of business, made on at arm's length basis and on normal commercial terms which are not more favourable than those normally available to the public and are not to the detriment of the minority shareholders.

AND THAT the authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:-

a) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that Annual General Meeting;

b) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

FURTHER THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required to give effect to the Mandate." **Resolution 10**

D. SPECIAL RESOLUTION
PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED ALTERATION")

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution enclosed herewith as Annexure A with effect from the date of passing this special resolution.

AND THAT the Directors of the Company be hereby authorized to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full power to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities." **Resolution 11**

8. To transact any other matter of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act 2016.

NOTICE OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Thirty-Fourth Annual General Meeting, the First and Final Single Tier Dividend of 1 sen per share will be paid on 12 December 2019 to members whose names appear in the Record of Depositors on 29 November 2019.

NOTICE IS ALSO HEREBY GIVEN THAT a Depositor shall qualify for the entitlement only in respect of:

i. Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 29 November 2019 in respect of ordinary transfers; and

ii. Shares bought on the Bursa Malaysia Securities Berhad ("Bursa Malaysia") on a cum entitlement basis according to the Rules of the Bursa Malaysia.

By Order of the Board

Lim Thiam Wah, ACIS
Chartered Secretary
Kuala Lumpur

30 October 2019

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 7 November 2019 shall be entitled to attend and vote at the Annual General Meeting.

2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.

4. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

6. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

NOTICE OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING

Explanatory Notes:-

Note A

The Audited Financial Statements is laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA 2016") and meant for discussion only as the Audited Financial Statements do not require shareholders' approval under the provision of Section 251(1) of the CA 2016. As such, this Agenda item is not to be put forward for voting.

Resolutions 1 to 3

Article 82 of the Company's Articles of Association expressly states that at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election.

Pursuant to Article 82, Dato' Lim Hoe, Dr. Wong Kai Fatt and Mr. Lee Wai Kuen are standing for re-election at this Annual General Meeting.

The profiles of the Directors standing for re-election are set out in their respective profiles in the Annual Report.

The Nomination Committee of the Company has assessed the criteria and contribution of Dato' Lim Hoe, Dr. Wong Kai Fatt and Mr. Lee Wai Kuen and recommended for their re-election. The Board endorsed the Nomination Committee's recommendation that Dato' Lim Hoe, Dr. Wong Kai Fatt and Mr. Lee Wai Kuen be re-elected as Directors of the Company.

Resolutions 4 and 5

Section 230(1) of the CA 2016 provides amongst others, that the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payments to the Directors of the Company at the Annual General Meeting in two (2) separate resolutions as below:

Resolution 4 seeks approval for the payment of Directors' Fees of RM270,000.00 for the financial year ended 30 June 2019.

Resolution 5 seeks approval for the payment of Directors' Benefits up to an amount of RM200,000.00 from the conclusion of the Thirty-Fourth Annual General Meeting until the next Annual General Meeting of the Company.

In determining the estimated total amount of Directors' Fees and Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board, Board Committees, Board of Subsidiaries and Management Committees as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for future appointment of Directors of the Company.

In the event where the Directors' Benefits payable exceeds the estimated amount sought in the Annual General Meeting, a shareholders' approval is to be sought in the next Annual General Meeting of the Company in year 2020 on the payment of the exceeded amount.

Resolution 6

With reference to Section 131 of the CA 2016, a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 30 August 2019 the Board has considered the amount of dividend and decided to recommend the same for approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debt as and when the debts become due within twelve (12) months immediately after the distribution is made on 12 December 2019 in accordance with the requirements under Section 132 of the CA 2016.

NOTICE OF THE THIRTY-FOURTH ANNUAL GENERAL MEETING

Explanatory Notes:- (Cont'd)

Resolution 7

The Audit and Risk Management Committee and the Board have considered the re-appointment of Messrs. Mazars PLT ("Mazars") as Auditors of the Company and collectively agreed that Mazars has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Explanatory Notes to Special Business

Resolution 8

The Proposed Resolution 8, if passed, will allow Ms. Kang Hui Ling to continue in office as Independent Non-Executive Director.

The Malaysian Code on Corporate Governance states that if the board intends to retain an independent director beyond twelfth years, it should justify and seek annual shareholders' approval through a two-tier voting process.

Key justifications for her to continue as Independent Non-Executive Directors are as follows:

a. Fulfills the independent director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

b. Relevant experience and expertise as set out in her profile in the Annual Report; and

c. Long service with the Company enhances her knowledge and understanding of the business operations of the Group which enable her to contribute actively and effectively during deliberations or discussion at Audit and Risk Management Committee and Board meetings.

Resolution 9

The Proposed Resolution 9, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

On 23 April 2019, RHB Investment Bank Berhad and Astramina Advisory Sdn. Bhd. have made an announcement on behalf of the Board of Directors of Ekovest Berhad that the Company had proposed to undertake a private placement exercise ("Private Placement") to place such number of new ordinary shares not exceeding 10% of its issued share capital to third party investors pursuant to the mandate granted to the Directors at the Thirty-Third Annual General Meeting held on 27 November 2018 ("33rd AGM").

As at the date of this Notice, 214,800,000 new ordinary shares in the Capital of the Company at an issue price of RM0.83 each were issued through the Private Placement pursuant to the mandate granted.

The Proposed Resolution will again provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions.

Resolution 10

The Proposed Resolution 10, if passed, will enable the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made at on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Details of the Proposed Mandate are set out in the Circular to Shareholders dated 30 October 2019.

Explanatory Notes to Special Business (Cont'd)

Resolution 11

The Proposed Special Resolution 11, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution ("Proposed Alteration") which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Annexure A enclosed.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Particular of Directors who are standing for election at the Thirty-Fourth Annual General Meeting.

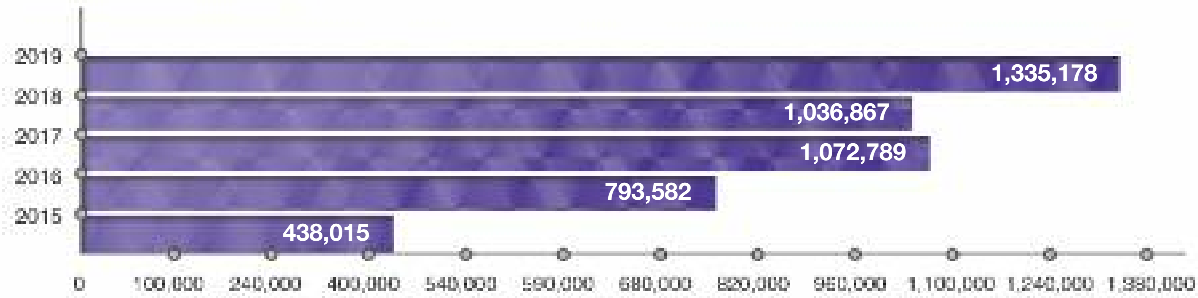
There is no Director standing for election at the Thirty-Fourth Annual General Meeting

FINANCIAL HIGHLIGHTS

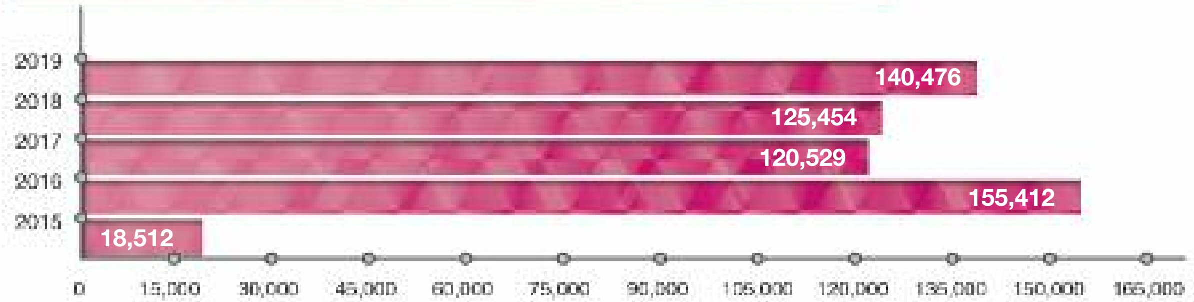
	Group 2015 RM'000	Group 2016 RM'000	Group 2017 RM'000 (Restated)	Group 2018 RM'000 (Restated)	Group 2019 RM'000
Revenue	438,015	793,582	1,072,789	1,036,867	1,335,178
Profit Before Tax	31,766	190,951	186,435	164,921	226,266
Taxation	(11,760)	(35,345)	(65,416)	(50,533)	(95,822)
Profit After Tax	20,006	155,606	121,019	114,388	130,444
Non-controlling Interests	(1,494)	(194)	(490)	11,066	10,032
Profit Attributable To Owners of the Company	18,512	155,412	120,529	125,454	140,476
Share Capital	427,724	427,724	428,115	755,593	1,117,961
Reserves	754,719	889,414	1,499,552	1,254,744	1,334,119
Equity Attributable To Owners of the Company	1,182,443	1,317,138	1,927,667	2,010,337	2,452,080
Represented By:					
Property, Plant and Equipment	59,411	67,290	64,417	70,248	133,922
Investment Properties	160,339	366,420	413,411	569,803	719,560
Land Held for Property Development	105,899	121,727	218,502	359,696	507,628
Concession Assets	1,796,922	2,388,462	3,179,661	3,828,941	4,682,373
Intangible Assets	-	-	-	-	6,453
Investment In An Associate	-	-	-	-	104,348
Deferred Tax Assets	2,665	2,554	4,495	9,854	13,163
Current Assets	1,545,614	1,045,234	5,472,396	4,909,309	4,534,150
Current Liabilities	(461,753)	(568,501)	(862,838)	(1,028,577)	(1,344,788)
Non-current Liabilities	(2,021,961)	(2,105,979)	(6,183,133)	(6,340,759)	(6,546,580)
Non-controlling Interests	(4,693)	(69)	(379,244)	(368,178)	(358,149)
	1,182,443	1,317,138	1,927,667	2,010,337	2,452,080
Net Assets Per Share (RM)	1.38	1.54	0.90	0.94	0.92
Basic Earnings Per share (Sen)	2.16	18.17	5.64	5.86	6.45

FINANCIAL HIGHLIGHTS

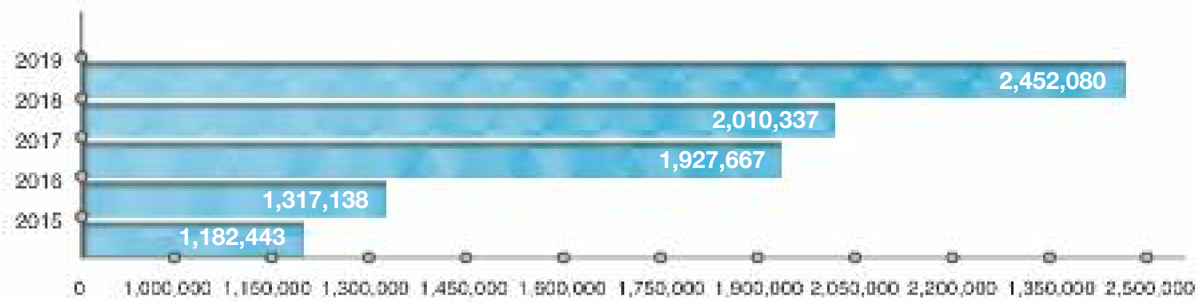
REVENUE (RM'000)

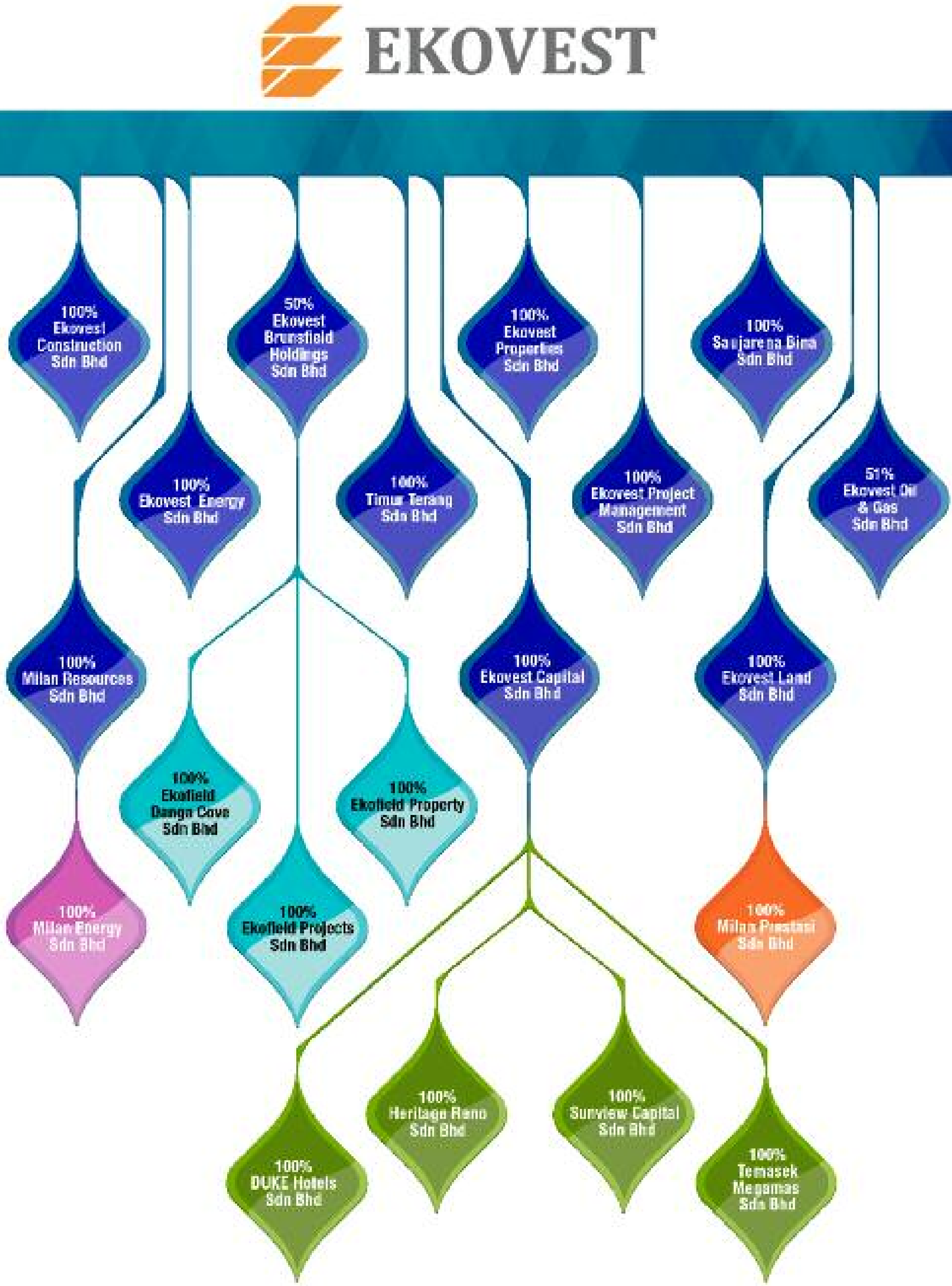


PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)

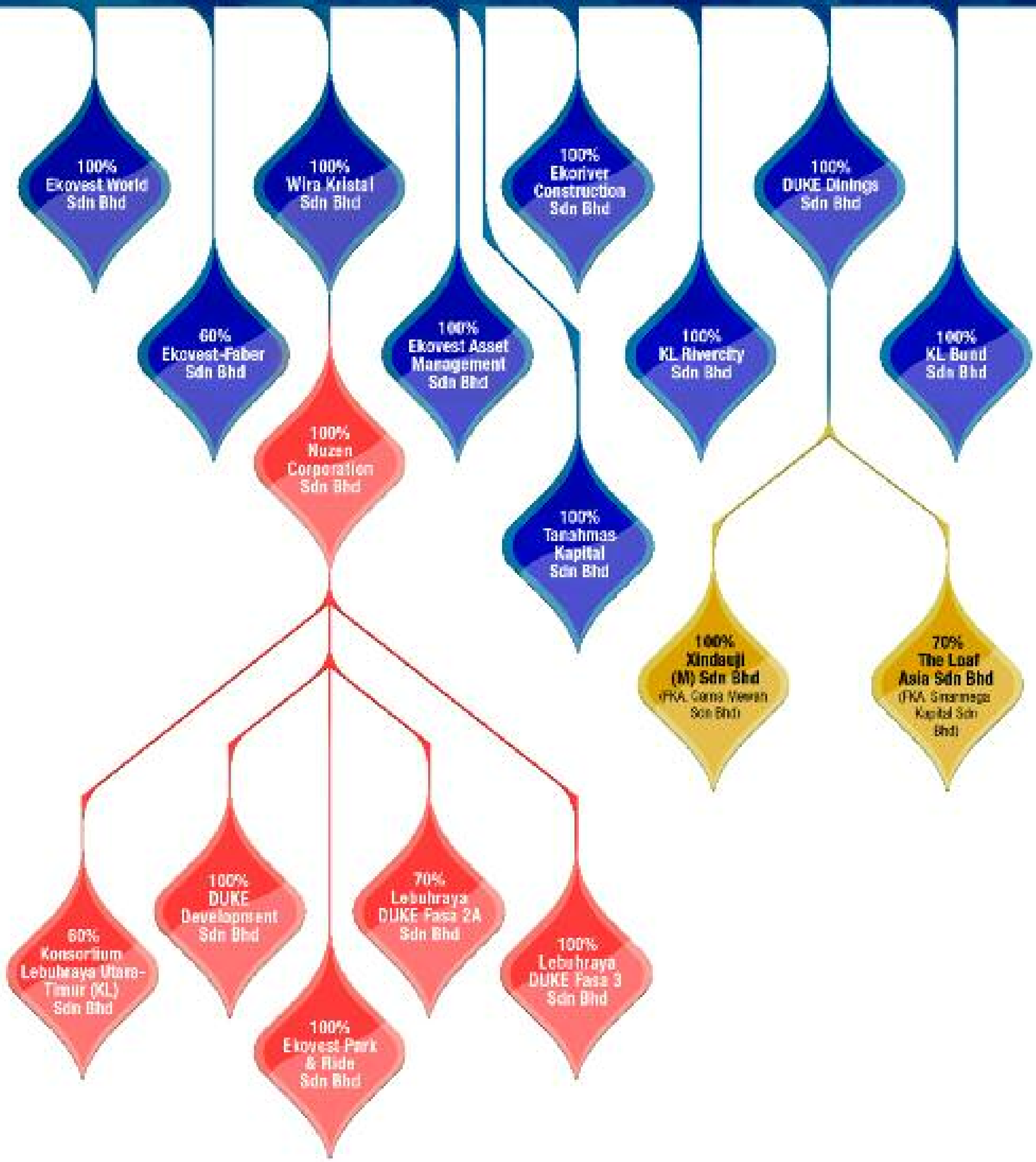


EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)




EKOVEST
100%
Ekovest Construction
Sdn Bhd
50%
Ekovest Brunsfield Holdings
Sdn Bhd
100%
Ekovest Properties
Sdn Bhd
100%
Saujarena Bina
Sdn Bhd
100%
Ekovest Energy
Sdn Bhd
100%
Timur Terang
Sdn Bhd
100%
Ekovest Project Management
Sdn Bhd
51%
Ekovest Oil & Gas
Sdn Bhd
100%
Milan Resources
Sdn Bhd
100%
Ekovest Capital
Sdn Bhd
100%
Ekovest Land
Sdn Bhd
100%
Ekofield Dangn Cove
Sdn Bhd
100%
Ekofield Property
Sdn Bhd
100%
Milan Energy
Sdn Bhd
100%
Ekofield Projects
Sdn Bhd
100%
Milan Prestasi
Sdn Bhd
100%
Heritage Reno
Sdn Bhd
100%
Sunview Capital
Sdn Bhd
100%
DUKE Hotels
Sdn Bhd
100%
Temasek Megamas
Sdn Bhd

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' LIM KANG HOO
Executive Chairman

TAN SRI DATUK SERI LIM KENG CHENG
Managing Director

DATO' LIM HOE
Executive Director

LIM CHEN HERNG
Executive Director

KANG HUI LING
Senior Independent & Non-Executive Director

LIM TS-FEI
Independent & Non-Executive Director

DR. WONG KAI FATT
Independent & Non-Executive Director

CHOW YOON SAM
Independent & Non-Executive Director

LEE WAI KUEN
Independent & Non-Executive Director

LIM CHEN THAI
Alternate Director to Tan Sri Dato' Lim Kang Hoo

WONG KHAI SHIANG
Alternate Director to Dato' Lim Hoe

LIM DING SHYONG
Alternate Director to Tan Sri Datuk Seri Lim Keng Cheng

COMPANY SECRETARY
Lim Thiam Wah, ACIS

PRINCIPAL PLACE OF BUSINESS
Ground Floor, Wisma Ekovest
No. 118 Jalan Gombak
53000 Kuala Lumpur
Tel : 03-40215948
Fax : 03-40214027

AUDITORS
Mazars PLT
Chartered Accountants
Wisma Golden Eagle Realty
11th Floor, South Block
142-A Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21615222
Fax : 03-21613909

REGISTERED OFFICE
Ground Floor, Wisma Ekovest
No. 118 Jalan Gombak
53000 Kuala Lumpur
Tel : 03-40215948
Fax : 03-40214027

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

Stock Code : 8877

CORPORATE INFORMATION

REGISTRARS
Sectrars Management Sdn Bhd
Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul
Samad Brickfields 50470
Kuala Lumpur
Tel : 03-22766138
Fax : 03-22766131

LEGAL FORM AND PLACE OF INCORPORATION
A public listed company incorporated in Malaysia and limited by shares

PRINCIPAL BANKERS
AmBank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
OCBC Al-Amin Bank Berhad
Public Bank Berhad
Kuwait Finance House (Malaysia) Berhad
Hong Leong Bank Berhad

DOMICILE
Malaysia

WEBSITE
www.ekovest.com.my

EXECUTIVE CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF EKOVEST BERHAD, I WOULD LIKE TO PRESENT TO YOU OUR ANNUAL REPORT AND THE GROUP'S REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019.

INDUSTRY TRENDS

GDP registered a higher growth of 4.9% in the second quarter of 2019 (1Q 2019: 4.5%), supported by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.0% (1Q 2019: 1.1%).

The construction sector registered marginally higher growth at 0.5% (1Q 2019: 0.3%), on account of growth improvements in the residential and special trade subsectors. While the residential subsector registered a smaller contraction, activity remained weak amid the high unsold properties. The higher growth in the special trade subsector was due to end-works activity amid completion of some mixed development projects. The near completion of a large petrochemical project continued to affect growth in the civil engineering subsector, while the non-residential subsector remained weak amid the oversupply of commercial properties.

In the agriculture sector, growth moderated to 4.2% (1Q 2019: 5.6%) following the decline in fishing and forestry activities as well as the moderation in natural rubber output growth due to the wintering season. This had partially off-set the continued recovery in oil palm yields from the adverse weather in 2018.

FINANCIAL PERFORMANCE

Despite of an eventful, volatile and challenging conditions in financial year ended 30 June 2019 ("FYE2019"), Ekovest Berhad ("Ekovest") delivered another year of profitable financial performance. The results reflect the core strength of Ekovest and its subsidiaries (the "Group") being the robust underlying construction expertise and the drive to improve efficiency, cost and focus of our operations.

In FYE2019, Ekovest registered revenue of RM1.3 billion, an increase of 28.8% as compared to RM1.0 billion achieved in the previous financial year ended 30 June 2018 ("FYE2018"). Our construction division contributed RM946.4 million or 70.9%, property development contributed RM196.6 million or 14.7%, while our toll operations contributed RM176.1 million or 13.2% to the revenue achieved in FYE2019.

Group revenue has increased due to higher construction workdone recognised for DUKE Phase 3 and the River Of Life projects and the increase in traffic volume since completion of DUKE Phase 2 in October 2017. Furthermore, the commencement of recognition of rental income from EkoCheras Mall has also contributed to the increase revenue.

The Profit Before Tax ("PBT") for FYE2019 stood at RM226.3 million, an increase compared to the PBT reported in FYE2018 of RM164.9 million which is in tandem with the increase in revenue.

STRATEGIC REVIEW

In FYE2019, it was an active year for us where we remained focused on delivering growth and long-term shareholders' value. We took appropriate and deliberate actions to drive performance. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continued to navigate our way through the challenges to promote and grow the Group's various businesses. Ekovest is proud to have historically stable and reliable earnings with good visibility from the various business sectors.

STRATEGIC REVIEW (CONT'D)

We have also completed the acquisition of PLS Plantations Berhad shares during the financial year, which is expected to transform the Ekovest Group into a larger listed conglomerate with a larger portfolio of diversified businesses, which is in line with the long-term strategy of expanding and diversifying into other businesses.

We are committed to improving the construction industry and we understand the wider impact that our businesses can make in supporting human activity through the delivery of superior quality in our buildings, roads, public spaces, infrastructure, and other construction areas.

While short-term uncertainty exists in some of our segments, our strategic focus has put us in a strong position to benefit from longer-term growth. Our hybrid business model creates long-term shareholders' value by harnessing the benefits of our complementary businesses – construction, property development and highway concession. This model limits the impact of economic cycles and allows us to prioritise high-quality businesses, in order to improve margins and deliver disciplined revenue growth.

DIVIDENDS

To show commitment in granting our shareholders returns, the Board of Directors had on 30 August 2019 recommended a single tier dividend of 1 sen per ordinary share for the financial year ended 30 June 2019. This proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

APPRECIATIONS

I wish to express my most sincere appreciation to my fellow Board members for their support, commitment and contributions and our senior management team who has been working tirelessly to propel the Group to new heights and my personal gratitude to all employees of Ekovest Group for their dedication and commitment.

Thank you to all our customers, clients, business associates, bankers and the various government and local authorities for their continuing support and confidence in our Group's ability to deliver projects that was entrusted to us.

Last but not least, thank you to our esteemed shareholders for your trust, patience, and continuous confidence in our Company. We hold the responsibility that you have entrusted to us in high regard and we shall endeavour to deliver an even better FYE 2020. We look forward to a very exciting year ahead for the Ekovest Group.

Tan Sri Dato' Lim Kang Hoo
Executive Chairman
30 October 2019

KENYATAAN PENGERUSI EKSEKUTIF

KEPADA PEMEGANG SAHAM YANG DIHARGAI,

BAGI PIHAK LEMBAGA PENGARAH EKOVEST BERHAD, SAYA INGIN MEMBENTANGKAN KEPADA ANDA LAPORAN TAHUNAN DAN PENYATA KEWANGAN EKOVEST BAGI TAHUN KEWANGAN BERAKHIR 30 JUNE 2019

TREND INDUSTRI

Keluaran Dalam Negara Kasar (KDNK) mencatat pertumbuhan yang lebih tinggi sebanyak 4.9% pada suku kedua 2019 (S1 2019: 4.5%), disokong oleh pengembangan domestik yang berterusan. Untuk tempoh masa suku ke suku yang telah dilaraskan, ekonomi kita telah meningkat sebanyak 1.0% (S1 2019: 1.1%).

Sektor pembinaan mencatatkan pertumbuhan sebanyak 0.5% (S1 2019: 0.3%), disumbangkan oleh peningkatan dalam pertumbuhan subsektor perumahan dan perdagangan khas. Sementara itu, subsektor kediaman mencatatkan penguncupan yang lebih kecil, aktiviti dalam subsektor ini kekal lemah disebabkan banyak hartanah yang tidak terjual. Pertumbuhan yang lebih tinggi dalam subsektor perdagangan khas adalah disebabkan oleh kerja-kerja yang meghampiri fasa pengakhiran untuk sesetengah pembangunan bercampur. Satu projek petrokimia yang besar yang telah menghampiri penghujungnya terus menjejaskan pertumbuhan dalam subsektor kejuruteraan awam, sementara subsektor bukan kediaman kekal lemah kerana penawaran hartanah komersil yang berlebihan.

Sektor pertanian mencatatkan sedikit penurunan pada 4.2% (S1 2019: 5.6%) berikutan kemerosotan aktiviti penangkapan ikan dan perhutanan serta pengurangan keluaran getah asli kerana cuaca yang sejuk. Ini telah menjejaskan pertumbuhan yang dijana oleh pemulihan hasil kelapa sawit pada tahun 2018.

PRESTASI KEWANGAN

Walaupun menghadapi ekonomi yang tidak menentu dan mencabar dalam tahun kewangan berakhir 30 Jun 2019 (“FYE 2019”), Ekovest Berhad (“Ekovest”) telah sekali lagi berjaya menunjukkan prestasi kewangan yang menguntungkan. Hasil ini mencerminkan kekuatan teras Ekovest serta anak-anak syarikatnya (“Kumpulan”) yang mempunyai kepakaran dalam pembinaan yang mantap serta menjadi pemacu untuk meningkatkan kecekapan, kos dan tumpuan dalam operasi kami.

Dalam FYE2019, Ekovest mencatatkan pendapatan berdaftar sebanyak RM1.3 bilion, meningkat 28.8% berbanding dengan RM1.0 bilion yang dicapai pada tahun kewangan sebelumnya berakhir pada 30 Jun 2018 ("FYE2018"). Segmen pembinaan kami menyumbang sebanyak RM946.4 juta atau 70.9%, pembangunan hartanah menyumbang RM196.6 juta atau 14.7%, sementara operasi tol kami menyumbang RM176.1 juta atau 13.2% kepada hasil pendapatan yang dicapai pada FYE2019.

Pendapatan kumpulan telah meningkat disebabkan persiapan kerja pembinaan lebih banyak untuk projek DUKE Fasa 3 dan projek River of Life serta peningkatan dalam bilangan pengguna jalanraya sejak penyelesaian projek DUKE Fasa 2 pada bulan Oktober 2017. Tambahan pula, hasil kutipan sewa yang dijana oleh pusat beli-belah EkoCheras Mall turut menyumbang kepada peningkatan hasil pendapatan kumpulan.

Keuntungan Sebelum Cukai ("PBT") untuk FYE2019 berjumlah RM226.3 juta, meningkat berbanding kepada PBT yang dilaporkan dalam FYE2018 sebanyak RM164.9 juta dan ini adalah sejajar dengan peningkatan dalam hasil pendapatan.

KENYATAAN PENGERUSI EKSEKUTIF

TINJAUAN STRATEGIK

FYE2019 merupakan tahun yang aktif untuk kami di mana kami terus memberikan tumpuan dalam pertumbuhan kumpulan dan memaksimakan nilai pemegang saham untuk jangka panjang. Kami telah mengambil tindakan yang bersesuaian untuk memacukan prestasi kumpulan kami. Dengan megimbangkan kekuatan, perusahaan berhemat dan berwawasan dalam pengurusan risiko, kami meneruskan menebusi cabaran untuk mempromosi dan mengembangkan pelbagai perniagaan Kumpulan. Ekovest berbangga kerana mempunyai sejarah hasil pendapatan yang stabil dan boleh dipercayai oleh pelbagai sektor perniagaan.

Kami juga telah menyelesaikan pengambil alihan saham PLS Plantations Berhad dalam tahun kewangan ini. Pengambil alihan ini dijangka dapat menjadikan Kumpulan Ekovest sebagai konglomerat tersenarai yang lebih besar dengan portfolio yang terdiri dari pelbagai jenis perniagaan, selari dengan strategi jangka panjang kumpulan untuk mengembang dan menceburi ke dalam pelbagai perniagaan lain.

Kami komited untuk menyumbang kepada industri pembinaan dan kami juga memahami kepentingan perniagaan kami untuk menyokong aktiviti seharian manusia melalui penyampaian bangunan, jalan raya, ruang awam, infrastruktur, dan kawasan pembinaan lain yang berkualiti.

Walaupun ketidakpastian jangka pendek wujud dalam sesetengah segmen yang kami ceburi, strategik kumpulan kami telah meletakkan kami dalam kedudukan yang baik untuk mendapat manfaat daripada pertumbuhan jangka panjang. Model perniagaan hibrid kami akan memberi nilai kepada pemegang saham kami untuk jangka panjang dengan mendapat manfaat dari perniagaan kami iaitu dalam sektor pembinaan, pembangunan hartanah dan konsesi lebuhraya. Model hibrid dapat menghadkan kesan kitaran ekonomi dan membolehkan kami memberi keutamaan kepada perniagaan berkualiti tinggi, supaya dapat meningkatkan margin perniagaan dan memberikan pertumbuhan pendapatan yang mantap.

DIVIDEN

Untuk menunjukkan komitmen kami dalam memberikan pulangan kepada pemegang saham kami, Lembaga Pengarah telah pada 30 Ogos 2019 mengesyorkan dividen satu peringkat sebanyak 1 sen bagi setiap unit saham biasa untuk kewangan tahun berakhir 30 Jun 2019. Cadangan ini tertakluk kepada kelulusan para pemegang saham di Mesyuarat Agung Tahunan Syarikat yang akan datang.

PENGHARGAAN

Saya ingin merakamkan setinggi-tinggi penghargaan kepada rakan-rakan Lembaga Pengarah saya atas sokongan, komitmen dan sumbangan mereka dan kepada pasukan pengurusan kanan kami yang telah bekerja tanpa mengenal penat lelah untuk menaikkan Kumpulan ke tahap yang baru serta kesyukuran peribadi saya kepada semua pekerja Ekovest Group atas dedikasi dan komitmen mereka.

Terima kasih kepada semua pelanggan, rakan perniagaan, pihak bank, agensi-agensi kerajaan dan pihak berkuasa tempatan atas sokongan dan keyakinan mereka yang berterusan ke atas Kumpulan kami serta mempercayai keupayaan kami untuk menyampaikan projek yang diamanahkan.

Akhir sekali, terima kasih kepada pemegang saham kami yang dihormati atas kepercayaan, kesabaran, dan keyakinan berterusan ke atas Syarikat kami. Kami akan terus melaksanakan tanggungjawab yang diamanahkan kepada kami dan kami akan berusaha untuk menyampaikan keputusan kewangan FYE 2020 yang lebih baik. Kami mengharapkan tahun depan yang sangat menarik untuk Kumpulan Ekovest.

Tan Sri Dato' Lim Kang Hoo
Pengerusi Eksekutif
30 Oktober 2019

执行主席致辞

各位尊贵的股东们，

我谨代表怡克伟士（Ekovest Berhad）的董事部，向各位提呈我们的年度报告与集团在2019年6月30日完结的财政年期间的各项报告及财务报表。

行业趋势

国内生产总值（GDP）在2019年第二季录得较高的4.9%增长率（2019年首季：4.5%），归功于国内需求持续增长。按季度来看，国内经济走高了1.0%（2019年首季：1.1%）。

由于住宅房屋与特殊贸易领域的增长有所改善，建筑业取得微幅走高0.5%（2019年首季0.3%）。尽管住宅房屋领域的跌幅放缓，该领域在未售产业众多的情况下，活动依旧维持疲弱。特殊贸易领域有较高的增长，其归因于部分综合发展项目完工后所带来的更多工程完结。一项大型石油化学项目接近完工的阶段，持续影响土木工程领域的增长，而在商用房产供应过剩的市况下，非住宅领域还是相当疲弱。

在农业领域中，随着渔业和林业活动减少，再加上天然橡胶产量因冬季气候影响而走低，所以整体增长率放缓至4.2%（2019年首季：5.6%）。在某程度上，这抵消了油棕产量持续从2018年恶劣天气复苏所带来的贡献。

财务业绩

虽然截至2019年6月30日的财政年（FYE2019）充满变化、波动和挑战，怡克伟士（Ekovest Bhd，简称Ekovest）又交出了收获盈利的一年。这个财务表现反映出Ekovest及其子公司（集团）作为强健且根基扎实的建筑专家，还有持续改善效率、成本与专注于本身营运所带来的核心优势。

在FYE2019，Ekovest营业额报13.35亿令吉，比起截至2018年6月30日 的上一财政年（FYE2018）所取得的10.37亿令吉，高出28.8%。在FYE2019，我们的建筑业务贡献了9.46亿令吉或70.9%、房地产发展带来1.97亿令吉或14.7%，而收费站业务则带来1.76亿令吉或13.2%。

集团营业额攀升，归功于DUKE第三期与生命之河（River Of Life）项目有更多建筑工程完工，且DUKE第二期在2017年10月完成后，迎来更多交通流量。同时，亿国城商场（EkoCheras Mall）开始录得租金收入，也为营业额的走高带来一份贡献。

执行主席致辞

财务业绩(继续)

FYE2019的税前盈利（简称PBT）跟随营业额共同走高，报2.26亿令吉，超越FYE2018的1.65亿令吉。

策略回顾

对我们而言，FYE2019是个非常繁忙及活跃的一年，在这段期间我们持续专注在迈向增长以及为股东们创造长期价值。我们采取了恰当与深思熟虑后的行动，来推动表现。通过达到强健与强韧、谨慎与安稳的企业风险管理之间的良好平衡，我们继续越过重重挑战，以推动及提升集团的各个业务。多年来各项业务所带来的稳定、可靠且能见度良好的盈利，是Ekovest引以为荣的。

在这个财政年当中，我们也完成了对PLS Plantations Berhad股权的收购，这将促使Ekovest集团转型为一个更为大型的上市集团，拥有更庞大的多元业务组合，而这也符合集团扩展和多元化到其他业务的长期策略。

在致力于提升建筑业的同时，我们了解到在通过交付具备卓越品质的建筑物、道路、公共空间、基础建设与其他建筑区域，从而推动人类活动方面，我们的业务足以创造的广泛影响。

虽然我们部分业务存在短期的不明朗因素，但我们的策略方针让我们处于一个能够享受长期增长的强稳位置。我们多元综合的业务模式，能够得益于建筑、房地产发展和高速大道经营各个业务的优势，从而为股东们创造长期的价值。这种模式限制了经济周期发展所带来的冲击，并有助我们优先专注在高品质的业务，以提高赚幅并录得规律与稳定的营业额增长。

股息

为了显示出我们为股东们创造回酬的承诺，董事部已在2019年8月30日建议为截至2019年6月30日的财政年，派发每股1仙的单层股息。这项建议将在公司来临的年度股东大会上，寻求股东们的通过。

致谢

我要向其他的董事部成员致上最真诚的谢意，感谢他们的支持、投入与贡献，还有我们不辞劳苦、致力于推动集团迈向新高峰的高级管理层。我也向所有Ekovest集团的员工表达我的谢意，感谢他们的奉献与付出。

我也感谢我们所有的客户、商业伙伴、银行家与各个政府及地方政府，感激他们持续不断的支持，还有信任集团能够完成所托付项目的能力。

最后，感谢我们尊贵的股东们对我们公司所给予的信任、耐心和持续的信心。对于您所给予的信任负上最高的责任，我们会在2020年持续努力，由此展望Ekovest集团在接下来迈向一个非常精彩的一年。

丹斯里拿督林刚河
执行主席
2019年10月30日

Tan Sri Datuk Seri
Lim Keng Cheng
Managing Director

MANAGING DIRECTOR'S STATEMENT

The last financial year has been an eventful year for the Ekovest Group. During financial year ended 30 June 2019 (**"FYE2019"**), we have been focusing with the projects in hand, namely the Setiawangsa-Pantai Expressway (**"SPE"** or better known as **"DUKE Phase 3"**), and our newly completed EkoCheras development. The uncertainties surrounding the Malaysian economic landscape did not help either with the Government closely, re-evaluating and re-assessing many of its infrastructure projects. Nonetheless, we can see that these issues have been gradually resolved and this has provided more clarity that will pave the way for investors' confidence to return and help with the economic growth and spill-over effects moving forward.

In this regard, we have and will continue to engage with the Government, ministries and agencies on our various innovative and cost effective proposals that has been presented. We are still pursuing to secure river beautification projects and move forward with our riverfront development projects. We shall continue to look for opportunities and work towards securing more infrastructure and construction orderbook.

Construction – Our Bread & Butter

Construction have always been the forte of our company and we expect this to be the same in the years to come. We had delivered more than RM8 billion worth of construction projects to clients all across Malaysia and pride ourselves for being one of the most respected construction players in Malaysia. We intend to further strengthen our presence in large scale construction projects and to assist the Government to deliver the best infrastructure for Malaysia. Our expertise in construction have also resulted in implementation of innovative construction methods and value-added service to our clients to reduce the cost and time of construction, without sacrificing the fit, function and safety of the project.

Infrastructure Concession

Our toll operation division (i.e. the operation and management of the DUKE toll concession) has been operating steadily with higher traffic volumes recorded. The opening of the DUKE Phase 2 has been the catalyst for our toll division as the connectivity provided by the Sri Damansara Link and Tun Razak Link has seen shorter travelling time during peak period. Nonetheless, we believe that there is still more room for traffic volumes to improve further and with several measures being implemented, we are confident that bottlenecks at our highways can be greatly reduce, thus encouraging more users to choose DUKE as the preferred route.

The construction of our DUKE Phase 3 is also progressing and we are doubling our effort to ensure timely completion of the project. Upon its completion, the alignment of DUKE Phase 3 will complement the existing DUKE Phase 1 and 2 whereby it will serve the North-South travelling route in Kuala Lumpur and will a be viable alternative to the existing federal roads which are congested during peak hours.

Nonetheless, the uncertainty in the Government's policy relating to tolled expressway is a cause for concern, but we believe that the right decision will be made in order to ensure the stakeholders, especially the capital markets, continue to have confidence in supporting future infrastructure projects as a whole. We have played our role in educating the implications and has been in close contact with the relevant ministries and agencies to present our views and opinions on the industry.

EkoCheras – The Nucleus of Cheras

Our EkoCheras integrated development at Jalan Cheras, Kuala Lumpur has been fully completed during the year. The integrated development comprises a mall, a hotel, an office tower and three blocks of serviced apartments. The four-storey EkoCheras Mall is the first to be completed and had been opened to the public since September 2018.

Approximately 80% of the mall's 628,706 sq.ft. net lettable area has been leased out and we are also elated that our anchor tenants, Village Grocer and Golden Screen Cinema (GSC) had opened its doors in EkoCheras Mall in June and July 2019 respectively. Other tenants that has chosen EkoCheras Mall to be their home are H&M, DeFacto, LC Waikiki and top F&B outlets, such as Starbucks, The Coffee Bean & Leaf, Oriental Star (The Oriental Group), The Brew House and Powerplant. We also have Singapore-based fruit tea and bakery store MuYoo+ and the Japanese karaoke chain Manekineko which opened their first outlet in Malaysia at EkoCheras Mall. Hong Kong's 1 Michelin Star Xin Dau Ji Restaurant has also chosen EkoCheras Mall to be its venture into Malaysia.

We had also appointed Spain's largest hotel chain, Meliá Hotels International, as the operator of the 238-room hotel at EkoCheras. The Innside by Meliá is expected to open its doors by late 2019. Meanwhile, the three blocks of serviced apartments at EkoCheras namely Tower E, Tower H and Tower J offering a total of 1,516 units with built ups ranging from 596 to 1,328 sq.ft. Handover of these residential units been ready since May 2019.

The 23-storey office tower dubbed Tower A, has seen its 106 stratified office units with built-up space ranging from 1,326 to 2,706 sq. ft. being handed over in Nov 2018.

Overall, we believe that the entire EkoCheras development is able to offer an affordable yet comfortable experience and will be the nucleus of Cheras. We hope that EkoCheras will be able to open up more growth opportunities and rejuvenate Cheras as a whole.

MANAGING DIRECTOR'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

The total revenue for FYE2019 stands at RM1.3 billion, which is an increase of 28.8% or RM298.3 million as compared to previous year. An analysis on the revenue for the Group in FYE2019 and FYE2018 is as follow:-

	FYE2019 RM '000	FYE2018 RM '000	Variance RM '000	%
Construction	946,352	628,663	317,689	50.5
Property Development	196,605	259,498	(62,893)	(24.2)
Infrastructure Concession	176,091	147,414	28,677	19.5
Others	16,130	1,292	14,838	1,148.5
Total	**1,335,178**	**1,036,867**	**298,311**	**28.8**

The increase in the current year revenue as compared to FYE2018 was due to higher construction workdone recognised for DUKE Phase 3 and the River Of Life projects, the recognition of rental income from EkoCheras Mall and the steady increase in traffic volume of the DUKE. The increase in these segments have mitigated the decrease in revenue from the property development segment.

Moving forward, our construction outstanding orderbook remains healthy and is able to provide a good short term earnings visibility. Together with the construction contracts for the DUKE Phase 3, with total contract value of RM3.7 billion and the various beautification packages under the River of Life project, the estimated total outstanding orderbook for the Group stood around RM3.0 billion. As a testament to our ability and experience in the construction industry, we also have an-ongoing incentive agreement with the Government of Malaysia relating to the design of sewage treatment plants project.

The decrease in FYE2019 revenue contribution from the property development division is mainly due to the completion and hand over of the 3 blocks of service apartments in EkoCheras. Correspondingly, the gross profit for FYE2019 has decreased as compared to FYE2018 which is in tandem with the decrease in revenue and additional cost incurred and provided for.

The infrastructure concession division registered a higher revenue of RM176.1 million in FYE2019 as compared to RM147.4 million in FYE2018. There is an increase of approximately 19.5% in the toll revenue contributed by the increase in traffic volume on the DUKE. However, for FYE2019 the toll operations incurred higher interest expense as compared to FYE2018 as all the interest related to the Sukuk raised to finance the project are expensed off in the income statement instead of being capitalised in the balance sheet during the construction phase.

The profit before tax ("PBT") for FYE2019 stood at RM226.3 million, which is higher than the PBT reported in FYE2018 of RM164.9 million. This is mainly due to higher revenue contribution from the construction division.

From the Balance Sheet perspective, we have seen an increase in our Concession Assets from RM3.8 billion in FYE2018 to RM4.7 billion in the current year which is due to on-going progress of the DUKE Phase 3 construction.

Similarly, we have also seen a decrease from RM3.2 billion in FYE2018 to RM2.3 billion in FYE2019 in our Investment Funds which are mainly the fund to be utilised for the construction and financing requirements of our infrastructure concession division. As for the Short Term Deposits and Cash and Bank Balances there is an increase from RM759.2 million in FYE2018 to RM1.5 billion in FYE2019 mainly due to the Warrants conversion and private placement exercise during the year. Correspondingly, on the liabilities side, a total of RM5.4 billion Islamic Medium Term Notes was raised to finance the two infrastructure projects. All monies raised for this project have been placed in various funds to maximise returns and help reduce the negative carry of our borrowings.

Overall, our capital expenditure and working capital requirements were financed generally from internal generated cash as well as borrowings from financial institutions. Moving forward, we expect this strategy remain largely intact in which we look into project financing structure and modelling to ensure the borrowings risk is "ring-fenced" and kept at project level with minimal recourse to the Group. However, we do acknowledge that some of the projects that we participate in, requires the support and financial capability of Ekovest Group as a whole in order to commercially viable.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The gearing ratio of the Group remains low at 0.41 times for the financial year ended 2019, lower when compared to 0.56 times in the financial year ended 2018. The gearing ratio calculation above have excluded the Islamic Medium Term Notes and Reimbursable Interest Assistance of RM5.7 billion in FYE2019 and RM5.5 billion in FYE2018, which have minimal recourse to the Group.

The net assets per share attributable to equity holders as at FYE2019 had reduced 2.1% to RM0.92 from RM0.94 in FYE2018, which is mainly due to the increased share capital upon the private placement exercise and Warrants conversion. A total of RM21.4 million was also paid out as dividend to shareholders during the year under review.

CORPORATE DEVELOPMENTS

We have completed the acquisition of PLS Plantations Berhad shares during the financial year. This acquisition is expected to transform the Ekovest Group into a larger listed conglomerate with a larger portfolio of diversified businesses, which is in line with the long term strategy of expanding and diversifying into other businesses in order to reduce reliance on its existing businesses in construction, property development and toll operations.

PLS Group, is involved in the management, operation and maintenance of Ladang Hutan Ulu Sedili, a forest plantation project that covers a total area of 35,223 hectares situated within the district of Kota Tinggi and Mersing in the State of Johor ("LHUS Project Land"). PLS has developed a sustainable management of supply chains from harvesting of planted forest to processed-timber products that ensure quality and production efficiency. PLS Group also adopts the practice of Agroforestry under the sustainable forest management concept to maximise land use in the LHUS Project Land through crop diversification.

To further strengthen the balance sheet and financial standing of the Ekovest Group, we have also completed a Private Placement in May 2019 comprising of 214,800,000 new ordinary shares in Ekovest and has raised a total of RM178.3 million. There was also a total of 300,825,109 Warrants converted during the year, raising a total of RM144.4 million for the Group.

THANK YOU

To our customers, clients, bankers, business partners and associates, thank you for the trust and support you have placed in us. Thank you to all governmental agencies that have assisted and supported us, especially Kementerian Kewangan, Kementerian Kerja Raya, Kementerian Wilayah Persekutuan, Lembaga Lebuhraya Malaysia and Dewan Bandaraya Kuala Lumpur.

I wish to express my most sincere appreciation to my fellow Board members for their support and contributions. Thank you to the senior management and all employees of Ekovest Berhad for their commitment, hardwork and perseverance throughout the year. With a team of diverse experience and background, more obstacles can be unravelled. We are lucky to have these people as part of the Ekovest Group.

Last but not least, thank you to our esteemed shareholders for your trust, patience, unwavering commitment and continuous confidence in us. We hold the responsibility that you have entrusted to us in high regard and we shall endeavour to deliver better value for you in the years to come.

Tan Sri Datuk Seri Lim Keng Cheng
Managing Director
30 October 2019

TAN SRI DATO' LIM KANG HOO

EXECUTIVE CHAIRMAN
AGE 64 MALAYSIAN

TAN SRI DATO' LIM KANG HOO, male, aged 64, Malaysian, and has been on the Board of Directors of Ekovest Berhad since 30 March 1988. He was appointed as Executive Chairman on 22 November 2010. Y.Bhg. Tan Sri Dato' Lim is a businessman with over 41 years of experience in the construction industry and machinery related industry. He started his involvement in the construction industry soon after completing his secondary education, assisting the family construction business. His dynamism and vision coupled with experience saw the companies that he leads grow by leaps and bound. At present, he is the Executive Chairman of PLS Plantations Berhad and Executive Vice Chairman of Iskandar Waterfront City Berhad which are public companies listed on the Bursa Malaysia and also a Director of several other private limited companies. His vast experience in the construction industry had been instrumental to the growth and development of the Ekovest Berhad Group.

DIRECTORS' PROFILE

TAN SRI DATUK SERI LIM KENG CHENG

MANAGING DIRECTOR
AGE 57 MALAYSIAN

TAN SRI DATUK SERI LIM KENG CHENG, male, aged 57, Malaysian, was appointed as the Managing Director of Ekovest Berhad on 16 May 2011. He has more than 36 years' experience in diverse range of industries which includes building, civil, design and build turnkey construction projects, machinery trading and property development, having started his career immediately after his high school education. He began his career as a director in a private limited infrastructure company and was responsible behind the success of the infrastructure works in Felda Sahabat, Sabah which is twice the size of Singapore. He also steered the construction of the Labuan Financial Park, a world-class offshore financial haven. Soon after, Tan Sri Datuk Seri Lim oversaw several design and build projects namely Universiti Malaysia Sabah (UMS) and Universiti Tun Hussein Onn in Batu Pahat, Johor whereby both projects were completed in time despite the technical and social challenges faced. He also led the design and build project of the Iskandar Coastal Highway, a high profile infrastructure project in Iskandar Malaysia, Johor. With his vast experience in infrastructure projects, Tan Sri Datuk Seri Lim also contributed significantly to the success of the Duta-Ulu Kelang Expressway (DUKE) and was instrumental in the supplemental concession agreement for the extension of the DUKE. He is also the driving force behind Ekovest group role as the project delivery partner for the River of Life project. He is also a strong advocate of the government current push for the Greater Kuala Lumpur to be the country's engine of growth. He was formerly an Executive Director of Iskandar Waterfront City Berhad, a public listed investment holding company with its principal activities in property development, construction and property management services, and was also the former Executive Director cum Chief Executive Officer of Knusford Berhad, a public listed company principally engaged in machinery trading. Tan Sri Datuk Seri Lim also holds directorship in several private limited companies which includes amongst others, Iskandar Waterfront Holdings Sdn Bhd.

DIRECTORS' PROFILE

DATO' LIM HOE
EXECUTIVE DIRECTOR
AGE 67 MALAYSIAN

DATO' LIM HOE, female, aged 67, Malaysian, was appointed as an Executive Director of Ekovest Berhad on 16 May 2011. After completing her secondary school education and several years of working experience, Dato' Lim joined Ekovest Berhad in 1988 and has since risen to the position of Senior General Manager. She has more than 46 years of working experience in various industries, gaining exposure in the field of finance, management, human resource and corporate matters. She is one of the pioneer during the formative years of Ekovest Berhad. She is also a Director of several private limited companies.

MR LIM CHEN HERNG
EXECUTIVE DIRECTOR
AGE 32 MALAYSIAN

MR. LIM CHEN HERNG, male, aged 32, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 27 February 2014 as an Alternate Director to Tan Sri Dato' Lim Kang Hoo. He was redesignated to Executive Director of Ekovest Berhad on 10 April 2018. He graduated with a Degree in Business Management from Royal Holloway, University of London in 2008. He has been with the family business since 2008, with management exposure into the property development, construction, finance and oil and gas industry. Currently, he is an Executive Director of Knusford Berhad and an alternate director in Iskandar Waterfront City Berhad. He also sits on the board of several private limited companies, most notably the master developer Iskandar Waterfront Holdings Sdn Bhd. He is currently an alternate director to Tan Sri Dato' Lim Kang Hoo of PLS Plantations Berhad.

MS KANG HUI LING
SENIOR INDEPENDENT AND NON EXECUTIVE DIRECTOR
AGE 47 MALAYSIAN

MS. KANG HUI LING, female, aged 47, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 28 February 2005. She holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Since her graduation, she acquired 4 years of audit experience in one of the big five audit firm. As audit senior associate, she also gained exposure in the field of operational audit and financial due diligence. Subsequently she joined a medium size multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is presently a partner of a professional firm registered with the Malaysian Institute of Accountants. She is also an Independent Non-Executive Director of PLS Plantations Berhad.

MS. LIM TS-FEI
INDEPENDENT NON EXECUTIVE DIRECTOR
AGE 56 MALAYSIAN

MS. LIM TS-FEI, female, aged 56, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 16 May 2013. She graduated with a Degree in Bachelor of Law from the University of Hull, England and was called to the English Bar as a barrister in 1988. Upon her return to Malaysia, she commenced her chambering with Chye, Chow, Chung & Co., a legal firm in Kuala Lumpur. She was called to the Malaysian Bar in 1989 and continued to practise as a legal assistant in the same firm for eight years. She is presently a partner of the firm.

DIRECTORS' PROFILE

DR. WONG KAI FATT

INDEPENDENT NON EXECUTIVE DIRECTOR

AGE 72 MALAYSIAN

DR. WONG KAI FATT, male, aged 72, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 16 May 2013. He graduated with a Bachelor of Medicine, Bachelor of Surgery from the University of Singapore in 1972. He worked in Johor Bahru General Hospital and Ipoh General Hospital for three years before venturing into his own private practice in Kuala Lumpur.

MR CHOW YOON SAM

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 73 MALAYSIAN

MR. CHOW YOON SAM, male, aged 73, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 16 May 2013. He graduated with a Bachelor of Engineering Degree (Civil) Hons from the Universiti Malaya in 1971. He was a member of the Institute of Engineers Malaysia and Board of Engineers Malaysia. During his tenure with Felda, he was the Project Engineer on design and construction of Felda oil palm mills and rubber factories. Subsequently he was the Deputy Director of engineering involved in administration and management of Felda development projects. In 1990 to 1994 he was Project Consultant and Project Manager for Felda joint venture projects. In Felda Ekovest Sdn Bhd he was the Senior General Manager from 1994-2004. He was also an Independent Non-Executive Director of Iskandar Waterfront City Berhad from 2013 to 2016. He is currently an Independent Non-Executive Director of PLS Plantations Berhad.

MR LEE WAI KUEN

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 53 MALAYSIAN

MR. LEE WAI KUEN, male, aged 53, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 7 October 2013. He holds a Law Degree from London University and MBA Degree from Heriot-Watt University. He was an Executive Director of Protech Yu (Asia) Sdn Bhd, subsidiary of Goldis Berhad from 2007 to 2010. He was involved in the day to day operation of the aquaculture business, in charge of farm development, farm operating and marketing. Prior to his involvement in the aquaculture industry, he was attached with Bumi Hiway & Selia Group of Companies as Head of Legal Department. He has more than 29 years of legal and corporate experience in companies involved in the field of property development, construction and road concession. He is currently the Executive Director of Aqua Genesis Sdn Bhd which is involved in the aquaculture and supply chain for quality seafood. He is also an Independent Non-Executive Director of Knusford Berhad.

MR LIM CHEN THAI

ALTERNATE DIRECTOR TO TAN SRI DATO' LIM KANG HOO

AGE 25 MALAYSIAN

MR. LIM CHEN THAI, male, aged 25, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 10 April 2018. He graduated with a Bachelor of Banking and Finance from Monash University (Caulfield Campus). He is a Director in Iskandar Waterfront Holdings Sdn Bhd ("IWH"). He serves the IWH Group of companies in various capabilities since joining them in 2015. Besides, he is also an Executive Director of Knusford Berhad.

DIRECTORS' PROFILE

MR WONG KHAI SHIANG

ALTERNATE DIRECTOR TO DATO' LIM HOE

AGE 40 MALAYSIAN

MR. WONG KHAI SHIANG, male, aged 40, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 27 February 2014. He obtained a Bachelor Degree in Civil Engineering from University of Birmingham, United Kingdom in 2000. He has 18 years' experience in the construction and property development industry. Upon graduating, he began his career with Ekovest Group as an Engineer. He is currently the Head of Sales and Marketing of Ekovest Group's property division.

MR LIM DING SHYONG

ALTERNATE DIRECTOR TO TAN SRI DATUK SERI LIM KENG CHENG

AGE 31 MALAYSIAN

MR. LIM DING SHYONG, male, aged 31, Malaysian, was appointed to the Board of Directors of Ekovest Berhad on 27 February 2014. He graduated with a Bachelor of Engineering in Engineering with Business Management and a Master of Science in Robotics from King's College London. Upon graduating, he entered the Ekovest Group as a Project Engineer since 1 February 2012. He is involved in the planning, design and construction of the extension of Duta-Ulu Kelang Expressway (DUKE 2 & 3) and in Ekovest – MRCB Construction Sdn. Bhd., which has been appointed as the Swiss Challenge Contractor for the proposed improvement and beautification works at Precinct 7 under the River of Life project. He has been involved in the sales and marketing activities as well as mall operations of EkoCheras, Ekovest's maiden property development project in Cheras. He is also a Director in Ekovest Project Management Sdn. Bhd. and is currently involved in the day to day operation of the highways business, in charge of highways development, highways operating and marketing.

CONFLICT OF INTEREST

There is no conflict of interest between the Directors and the Group except for the related party transactions where the Directors have interest, as disclosed in the Note 42 of the Financial Statements.

CONVICTION FOR OFFENCES

None of the Directors have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

FAMILY RELATIONSHIP

No Director has family relationship with other Directors or major shareholders except for:

Tan Sri Dato' Lim Kang Hoo is a brother to Dato' Lim Hoe, father of Mr Lim Chen Herng and Mr Lim Chen Thai, uncle to Tan Sri Datuk Seri Lim Keng Cheng and Mr Wong Khai Shiang and granduncle to Mr Lim Ding Shyong. He is also a major shareholder in Ekovest Holdings Sdn Bhd.

Dato' Lim Hoe is a sister to Tan Sri Dato' Lim Kang Hoo, mother of Mr Wong Khai Shiang, aunt to Tan Sri Datuk Seri Lim Keng Cheng, Mr Lim Chen Herng and Mr Lim Chen Thai, grandaunt to Mr Lim Ding Shyong.

Tan Sri Datuk Seri Lim Keng Cheng is a nephew to Tan Sri Dato' Lim Kang Hoo and Dato' Lim Hoe, father of Mr Lim Ding Shyong, cousin to Mr Lim Chen Herng, Mr Wong Khai Shiang and Mr Lim Chen Thai.

Mr Lim Chen Herng is a son to Tan Sri Dato' Lim Kang Hoo, nephew to Dato' Lim Hoe, cousin to Tan Sri Datuk Seri Lim Keng Cheng and Mr Wong Khai Shiang, brother to Mr Lim Chen Thai, uncle to Mr Lim Ding Shyong.

Mr Lim Chen Thai is a son to Tan Sri Dato' Lim Kang Hoo, nephew to Dato' Lim Hoe, cousin to Tan Sri Datuk Seri Lim Keng Cheng and Mr Wong Khai Shiang, brother to Mr Lim Chen Herng, uncle to Mr Lim Ding Shyong

Mr Lim Ding Shyong is a son to Tan Sri Datuk Seri Lim Keng Cheng, grandnephew to Tan Sri Dato' Lim Kang Hoo and Dato' Lim Hoe, nephew to Mr Lim Chen Herng, Mr Wong Khai Shiang and Mr Lim Chen Thai.

Mr Wong Khai Shiang is a son of Dato' Lim Hoe, a nephew to Tan Sri Dato' Lim Kang Hoo, cousin to Tan Sri Datuk Seri Lim Keng Cheng, Mr Lim Chen Herng and Mr Lim Chen Thai, uncle to Mr Lim Ding Shyong.

KEY SENIOR MANAGEMENT

MR. THAM BENG CHOY
CHIEF EXECUTIVE OFFICER
CONSTRUCTION

MR. THAM BENG CHOY, male, aged 58, Malaysian, joined Ekovest Group in 1997 and was appointed as Chief Executive Officer (Construction) in 2016. He was involved in overseeing construction projects undertaken by the Group such as Duta-Ulu Kelang Expressway (DUKE), DUKE Phase 2, Ministry of Education Buildings in Putrajaya, Shapadu Highway and currently, Setiawangsa-Pantai Expressway (SPE). He has more than 33 years of experience in construction industry and was involved in the construction of roadworks, bridges, drainage & utilities, airport, pipelines & storage tanks, pumphouse, administration buildings and others. He graduated with a Bachelor of Civil Engineering with high distinction from Carleton University, Canada in 1985. He is a member of the Hong Kong Institution of Engineers and the Institution of Civil Engineers, UK.

MR LEE BAN HOCK
SENIOR GENERAL MANAGER

MR. LEE BAN HOCK, male, aged 61, Malaysian, joined Ekovest Group in May 1993 and was appointed as Senior General Manager in 1996. He was the Director of Entrecanales-Ekovest Sdn Bhd, which did the Fit-Out work for KLCC. He was involved in the construction management and property developments within the Group. Some of the notable projects he managed are DUKE Highway, DUKE Phase-2 Highway, JB Coastal Highway, Labuan Financial Park, Melaka General Hospital Extension, Hyatt Saujana Regency Wing, JB Polytechnic, Kajang Perdana Development and Putrajaya Parcel E office. He has 35 years of experience working in various sectors of construction industry which includes construction management and property developments. He graduated with a Diploma in Technology (Building) 1984 from TARC. He started his career in Tajukon Sdn Bhd. He opted for early retirement in April 2016 but was recalled to join Ekovest in June 2018. He has worked for 24 years with the company. At present, he is taking charge of highway infrastructure projects in Kuala Lumpur which includes Setiawangsa-Pantai Expressway.

ENCIK ZULKHANINE BIN SHAMSUDIN
GENERAL MANAGER
CONSTRUCTION

ENCIK ZULKHANINE BIN SHAMSUDIN, male, aged 58, Malaysian. He graduaduated with a Bachelor of Civil Engineering from Universiti Technologi Malaysia. Has joined Ekovest Group in 1994 and was appointed as Head of Development in 2008. He is an engineer by profession who has more than 31 years of experience in construction industry covering infrastructure works, civil works, building works, river engineering works, river beautification as well as a member for Project Delivery Partner (PDP) for River of Life (ROL) Project for the Government. Through his extensive careers so far, he is now overseeing jobs worth more than RM 2.0 billion both in public and private sector. Among multi-scale huge projects under his charge are the construction of new housing scheme for settler of FELDA in Negeri Sembilan, Pahang and Johor, construction of Hospital in Muar, construction of Putrajaya Road Package R3, construction of Dewan Perdana FELDA. He also has successfully lead a team to complete the design and built project costing almost RM 800 million for the construction of Universiti Tun Hussien Onn Malaysia comprising of Faculty Buildings, Library, Hostel, Center of Lecturing Hall and infrastructure work. He is also responsible for the construction of river beautification and river interceptor system for Greater Kuala Lumpur / Klang Valley ROL Project. Recently, he also successfully lead a team to complete design and built project for the construction of Kolam Biru and transforming Masjid Jamek, Sungai Kelang and Sungai Gombak into a landmark and top 10 world best waterfront.

KEY SENIOR MANAGEMENT

Conflict of interest
There is no conflict of interest between the Key Senior Management and the Group except for the recurrent related party transactions where the Key Senior Management have interest, as disclosed in the Note 42 of the Financial Statements.

Conviction for offences
None of the Key Senior Management have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

Family Relationship
No Key Senior Management has family relationship with other Directors or major shareholders.

ENCIK ZAKARIA BIN SHAFFIE
GENERAL MANAGER
BUSINESS DEVELOPMENT & OPERATION

ENCIK ZAKARIA BIN SHAFFIE, male, aged 59, Malaysian, joined Ekovest Group in 2013 as General Manager (Business Development & Operation). He was involved in the implementation and construction of Setiawangsa-Pantai Expressway (SPE) and DUKE Phase 2. Previously, he oversaw all operational matters of DUKE Phase 1. He has more than 25 years of experience in the highway industry. Prior to Ekovest, Encik Zakaria senior roles included being the General Manager (Traffic Safety Division) and as the Regional Manager (Operations Division) (1988 – 2010) for Projek Lebuhraya Usahasama Berhad (PLUS Berhad). In the former role as the General Manager (Traffic Safety Divison), Encik Zakaria was responsible for planning, developing and monitoring the implementation of Traffic Management and Safety Strategies in accordance with the company's vision. His role included establishing and implementation of plans, measures to improve and ensure safety as well as quality service levels of expressways. As a Project Director for the construction of both DUKE Phase 2 and Setiawangsa Pantai Expressway (SPE), En. Zakaria has been tasked to coordinate all works involved as well as other engagements with the Authorities and stakeholders. En. Zakaria is also a Director of several subsidiary companies within the Group. He graduated with a Bachelor Degree in Civil Engineering from University of Hartford, Ct. USA in 1987. His earlier years' of working experience were with Kuala Lumpur City Hall (Dewan Bandaraya Kuala Lumpur) upon attaining his Diploma in 1981.

MR. HENG HOCK LAI
GENERAL MANAGER
CONSTRUCTION

MR. HENG HOCK LAI, male, aged 59, Malaysian, joined Ekovest Group in 1992 and was appointed as General Manager (Construction) in 2011. He was involved in overseeing the overall operation, contractual and technical matters for the various phases of University Malaysia Sabah Project and EkoCheras Mixed Integrated Development. He has more than 36 years of experience in construction industry. He graduated with a Bachelor of Science in Civil Engineering (Honours) from University of South Western Louisiana. He is a member of the Institution of Engineers Malaysia and a Professional Engineer who is registered with the Board of Engineers Malaysia.

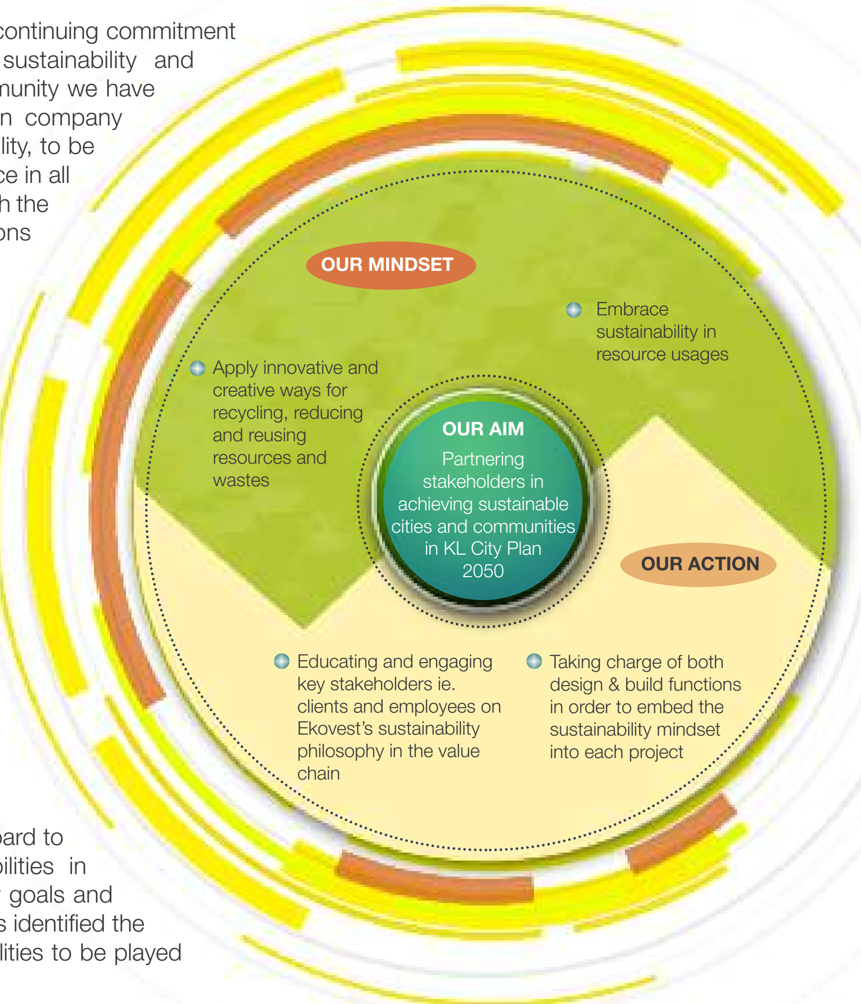
MS. LIM SOO SAN
CHIEF FINANCIAL OFFICER

Ms Lim Soo San, female, aged 49, Malaysians, was appointed as Chief Financial Officer of Ekovest Berhad in 2005. She holds a Bachelor of Accounting Degree from RMIT University, Melbourne, Australia and a Master in Business Administrative majoring in Finance from University of Hull, England. She is member of CPA Australia and the Malaysian Institute of Accountants. She has more than 21 years' experience in accounting and corporate finance areas. Her career includes 5 years stay with a leading accounting firm before joining Ekovest Berhad.

SUSTAINABILITY STATEMENT

PHILOSOPHY ON SUSTAINABILITY

As part of our growing, continuing commitment and passion towards sustainability and contribution to the community we have developed our very own company philosophy on sustainability, to be used as a tool of guidance in all decisions made to do with the economics and operations of Ekovest.



EKOVEST BOARD'S RESPONSIBILITIES IN SUSTAINABILITY

In order to enable the Board to discharge its responsibilities in meeting its sustainability goals and objectives, the Board has identified the following new responsibilities to be played by the Board collectively:

- To approve and monitor the implementation of sustainability policies, strategies and roadmap;
- To overseeing sustainability matters identified as material and seek regular updates from management;
- To promote stakeholder engagement; and
- To lead the Group in the adoption and preparation of integrated reporting for Ekovest by 2022.

OUR SUSTAINABILITY DEVELOPMENT GOALS & INITIATIVES (SDG)

Upon reviewing the seventeen (17) Sustainability Development Goals ("the Goals") identified by United Nation, we have adopted six (6) relevant goals to our business by assessing the priority of these goals based on a materiality assessment approach suggested by Bursa Securities. This material assessment has taken into consideration the Goals' impact on the Group's financial performance, operation, public exposure, business as well as the perceived concerns of the key stakeholders.

Based on these selected goals, the Board has reviewed and adopted the proposed aims identified and aligned by management for these goals. These aims and their achievements are elaborated for each goal in the following sections.

1) Goal: Good Health and Well-being

Ensure healthy lives and promote well-being for all at all ages.

Our Aims	Aim Achievement
a) Achieve health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	Our employees are provided with medical coverage along with free flu vaccinations that is provided from time to time.
b) Reduce the number of deaths and illnesses from hazardous and unhealthy work environment.	We are ISO14001 and ISO18001 certified organisation under Environmental and Occupational Safety and Health Management Systems. We have established a Health, Safety and Environment policy which has been implemented by the Group and enforced by safety officers. To-date, the DUKE 3 project has recorded 7 million hours of zero loss time injury ("LTI").

2) Goal: Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Our Aims	Aim Achievement
a) Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. b) Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	We have implemented the Ekovest Graduate Attachment Programme ("EGAP") programme. Most of our EGap participants have been employed as permanent employee or be able to secure employment at other major construction companies. This is a testament that the training and exposure provided during their stint as EGap has increased their employability.
c) Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	Ekovest Group is a proponent for ensuring quality education for all and have been continuously supporting all the schools and other institution of higher learning within the vicinity of our office and site locations. We had made financial contributions and also contribution in kind to schools to upgrade their facilities to ensure a conducive environment for the students.

OUR SUSTAINABILITY DEVELOPMENT GOALS & INITIATIVES (SDG) (CONT'D)

3) Goal: Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all.

Our Aims	Aim Achievement
a) Improve water quality by reducing pollution, untreated wastewater and increasing recycling and safe water reuse.	Through our Sullage Water Treatment Plant (SWTP) project, located at Masjid Jamek, the treated water is being used for water fountains and the blue corridor (Kolam Biru)
b) Implement integrated water resources management.	As one of the champions for River of Life projects, Ekovest Group is passionate in promoting this implementation of integrated water resources management especially for city likes Kuala Lumpur. Before waste water from buildings releases to the river, it is important for the said water to go through a series of filtration and treatment system to ensure the water that flows inside the river is clean, healthy and able to used as alternative water resources and for recreational activities.
c) Protect and restore water-related ecosystems.	In addition to the above, the "Kolam Biru" project and also the Bunus STP project have helped to achieve the objective of protecting and restoring water related ecosystem. Without any filtration and treatment system, waste water from buildings or other discharged points will pollute the river and harm the water-related ecosystems and cause. Water related illnesses such as E.coli, otitis externa and skin rash.
d) Expand knowledge sharing with developed countries on wastewater treatment, recycling and reuse technologies.	We have hosted delegations from Bhutan, India, Turkey, Argentina, Kenya, Georgia, Azerbaijan and Uzbekistan at our office to share our philosophy and initiatives, especially under the River of Life project, to promote sustainability in construction and projects that we have undertaken.
e) Support and strengthen the participation of local communities in improving water and sanitation management.	MOU was signed with a NGO "Local Agenda 21". It is a local community agenda to rejuvenate and rehabilitate the Sungai Bunus and promote healthy and sustainable living in Kuala Lumpur.

4) Goal: Affordable and Clean Energy

Ensure Access to affordable, reliable, sustainable and modern energy for all.

Our Aims	Aim Achievement
a) Enhance the access to clean energy. Including renewable energy and energy efficiency. Also promote investment in energy infrastructure and clean energy technology.	The alternative design of Sewage Treatment Plants in Bunus & Batu that Ekovest proposed and accepted by the Government allows the use of renewable energy, which has resulted in lower operating cost for the plant.
b) Expand infrastructure and upgrade technology for supplying modern and sustainable energy.	Solar panels are placed on our existing toll plaza and also on the MRT walkway at our EkoCheras project to support the use of renewable energy.

OUR SUSTAINABILITY DEVELOPMENT GOALS & INITIATIVES (SDG) (CONT'D)

5) Goal: Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

Our Aims	Aim Achievement
a) Ensure access for all to adequate, safe and affordable housing, basic services and upgrade slums.	Under our DUKE and River of Life projects, we have assisted the relocation of squatters to public housing units, which provides safer and improved living conditions to the squatters.
b) Provide access to safe, affordable, accessible and sustainable transport systems for all. Improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and the elderly.	We have developed the KL Transport Masterplan in order to ensure that there is seamless connectivity between public and private transportation system. Our proposals to improve the highway infrastructure in Kuala Lumpur is also based on this KL Transport Masterplan to ensure that any new investments made towards improving the existing road networks provides the most impact and benefits to all stakeholders. In addition, under the EkoCheras project, we have also constructed a covered walkway to ensure seamless and safe connection from our development to the MRT station.
c) Strengthen efforts to protect and safeguard the cultural and natural heritages.	Throughout our construction work around Precint 7 area (from Masjlid Jamek to Central Market area), there were more stringent construction methods applied to ensure that historical buildings such as Bangunan Sultan Abdul Samad, Masjid Jamek, the High Court Building and Royal Textile Museum are not affected. In addition, the rehabilitation of the area was also designed to ensure that the heritage aesthetic restoration remains intact.
d) Reduce the adverse environmental impact of cities, including by paying attention to air quality and municipal and other waste management.	Our participation in the alternative design of the Bunus Sewage Treatment Plants project has resulted not only in cost savings, but also in more efficient land use and lower operating expenses for the Government.
e) Provide access to safe, inclusive and accessible, green and public spaces, in particular for women and children, the elderly and persons with disabilities.	Our development designs would include greenery elements and cater for disabled/the elderly. This has been implemented at EkoCheras and will continue to be implemented for future projects. The EkoRiver Centre proposal also includes approximately 1-acre of rooftop green area/park, which will be accessible by public.

OUR SUSTAINABILITY DEVELOPMENT GOALS & INITIATIVES (SDG) (CONT'D)

6) Goal: Partnerships for the Goals

Strengthen the means of implementation and revitalise the partnership for sustainable development.

Our Aims	Aim Achievement
a) Enhance partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, and technology, to support the achievement of the sustainable development goals.	We have collaborated with CIDB Malaysia to be an active member of their task force and technical committee to develop Sustainable INFRASTAR, a sustainability rating tool for infrastructure projects that was launched by the Minister of Works during the International Construction Week in February 2019. These sustainability rating tool is intended to improve the environmental, social, and economic outcomes from the construction and operation of physical infrastructures.

With respect to the corporate social responsibilities, the Group continues to uphold its values of good corporate citizenship and committed to its three pillars of Corporate Social Responsibility ("CSR") initiatives on Education, Community, Employee & Sustainability. This CSR approach has been a mainstay in our company policy, and each year, becomes more and more significant. Following are the activities and programs carried out in financial year 2019:

Upgrading school field @ SMK Seksyen 19
Ekovest handling over upgraded school field to SMK Seksyen 19 on July 2019.

Contribution to Masjid and Surau along DUKE alignment
Handling over of cheque to representatives of mosque and "Surau" along DUKE Highway alignment. The contribution was given out by our Managing Director, Tan Sri Datuk Seri Lim Keng Cheng in conjunction of Hari Raya Aidiladha 2019.

Sponsorship for Bursa Bull charge run 2018.
Ekovest Berhad is proud to support and sponsor the annual Bursa Bull Charge 2018, held through the streets of Kuala Lumpur again.

Ekovest handling over the cheque to SMK Gombak Setia in conjunction to "Kempen Kesedaran Keselamatan Jalanraya DUKE 2018" held on August 2018. This event aim to create traffic safety awareness to public.

SUSTAINABILITY STATEMENTS

With respect to the corporate social responsibilities, the Group continues to uphold its values of good corporate citizenship and committed to its three pillars of Corporate Social Responsibility ("CSR") initiatives on Education, Community, Employee & Sustainability. This CSR approach has been a mainstay in our company policy, and each year, becomes more and more significant. Following are the activities and programs carried out in financial year 2019: (Cont'd)

Ekovest pleased to handling over the cheque during "ITSM Charity Golf 2018" event held on October 2018 for charity purposes.

Gotong – royong @ SK Wangsa Maju
Ekovest staffs held the "Gotong-royong @ SK Wangsa Maju"on Jan 2019.

Gotong – royong @ Taman Bukit Maluri
Ekovest staffs attended the "Gotong-royong @ Taman Bukit Maluri"on Sep 2018 held in Kepong constituency.

2019 Blood Donation Campaign
Ekovest held a Blood Donation campaign on 8th August 2019 at EkoCheras Mall.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The objective of this statement is to provide an overview of the application of the corporate governance practices of the Group during the financial year ended 30 June 2019 on Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). Shareholders may obtain the CG Report by accessing this link https://ekovest.com.my/ for further details and are advised to read this overview statement together with the CG Report.

Ekovest is a Large Company as defined in the MCCG. Overall, the Board is of the view that the Company has, in all material aspect, complied with the Principles and Practices as set out in the MCCG. The explanation for the departure of the MCCG practices are reported in the announced CG Report with respect to Practices 4.3 on Board Policy to limit the tenure of independent directors to nine (9) years; Practice 11.2 on the adoption of integrated reporting; and Practice 12.3 for exploring technology to facilitate voting in absentia and remote shareholders' participation on General Meeting.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) BOARD RESPONSIBILITIES

Principally, the responsibilities of the Board cover strategic plan, oversight of management performance, promote good governance, risk management, succession planning, investor relation and corporate reporting of the Group.

The roles of the Executive Chairman and Group Managing Director are assumed by different Directors. Principally, the Executive Chairman is responsible for leading the strategic direction of the Group while the Group Managing Director executes and manages the business and operations in the Group.

The executive roles of the Chairman enable the Executive Chairman to align the interest of the board, management and shareholders for maximising shareholders' wealth. Nonetheless, majority of the Board members are Independent Non-Executive Directors to enable greater weight of expression of objective and independent views to safeguard the interest of minority shareholders.

The Board is supported by a qualified and competent Company Secretary. The Company Secretary advises the Board, particularly on the compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs, including amongst others, major financial, operational and corporate matters as well as activities and performance of the Company. The agenda and Board papers containing information relevant to the business of Board meeting are circulated to Board members prior to each meeting.

All Directors have unrestricted access to the advice and services of the Company Secretary and senior management and may seek independent professional advice, at the Company's expense, when necessary, in furtherance of their duties. External advisers may also be invited to relevant Board meetings to furnish the Board with explanations and comments on the relevant agenda items tabled at Board meetings or to provide clarification on issues that may be raised by any Director.

The Board has defined its Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. The Board has also established its Code of Conduct and Ethics and Whistleblowing Protection Policy.

The Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee ensure that greater objectivity and independence are provided in the deliberations of specific agenda. The Chairpersons of the respective Board Committees would report to the Board during the Board meetings on matters deliberated in the respective Committees and their proposed actions and recommendations. The ultimate responsibility for the final decision on all matters deliberated at Board Committees are rested with the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(I) BOARD RESPONSIBILITIES (CONT'D)

The Board meets at least every quarter and other meetings are convened as and when necessary. All the proceedings at the Board meetings are properly recorded and confirmed by the Board members before being signed by the Chairman. The Board had devised a schedule of matters that shall be reserved for Board's approval covering, inter alia, the acquisition and disposal of major assets, investment in projects, and corporate exercises which are under the purview of the Bursa Securities or the Securities Commission Malaysia.

During the financial year under review, a total of (5) Board meetings were held and the record of attendances of the Directors is as follows:

Name of Directors	Total Meetings Attended
Tan Sri Dato' Lim Kang Hoo	5/5
Tan Sri Datuk Seri Lim Keng Cheng	5/5
Dato' Lim Hoe	5/5
Lim Cheng Herng	4/5
Kang Hui Ling	5/5
Lim Ts-Fei	4/5
Chow Yoon Sam	5/5
Dr. Wong Kai Fatt	5/5
Lee Wai Kuen	5/5

The Board is regularly updated by the Company Secretary on any changes to the statutory, corporate and regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors. The External Auditors have also briefed the Board on changes to the Financial Reporting Standards and Malaysian Financial Reporting Standards that affect the Group's financial statements.

Details of trainings attended by the Directors during the Financial Year are as follows:

Name of Directors	Training Programmes	Date
Tan Sri Dato' Lim Kang Hoo	Tax Audit & Investigation	2/5/2019
Tan Sri Datuk Seri Lim Keng Cheng	Tax Audit & Investigation	2/5/2019
Dato' Lim Hoe	Tax Audit & Investigation	2/5/2019
Lim Chen Herng	Tax Audit & Investigation	2/5/2019
Kang Hui Ling	Tax Audit & Investigation	2/5/2019
Lim Ts-Fei	Tax Audit & Investigation	2/5/2019
Chow Yoon Sam	Tax Audit & Investigation	2/5/2019
	Independent Directors Programme: The Essence of Independence	27/6/2019
Dr. Wong Kai Fatt	Tax Audit & Investigation	2/5/2019
Lee Wai Kuen	Tax Audit & Investigation	2/5/2019
	Independent Directors Programme: The Essence of Independence	27/6/2019

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(II) BOARD COMPOSITION

The current composition of the Board comprises of qualified and experienced individuals and their combined expertise and business experience provides insights and diversity of perspective to lead the Group. The profiles of the members of the Board are set out on pages 24 to 27 of this Annual Report.

As at the date of this statement, the Board has nine (9) members comprising of an Executive Chairman, a Managing Director, two (2) Executive Directors and five (5) Independent Non-Executive Directors. Collectively, the Independent Directors constituting the majority number of the Board members and one third of the Board members are female.

In accordance to Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later. Any extension beyond nine (9) years will require Board justification and shareholders' approval unless the said Director wishes to be re-designated as non-independent non-executive Director which shall be decided by the Board. Two tier voting process will be applied for retaining an Independent Director beyond twelve (12) years.

During the financial year, the Board has deliberated the position of Ms. Kang Hui Ling who have served the Board as an Independent Director for more than twelve (12) years and resolved to put forth her appointment to be approved by shareholder through a two-tier voting process. The Board feels that her long service will enable her to contribute more effectively in the Audit and Risk Management Committee meetings.

A resolution was put to vote in the last Annual General Meeting ("AGM") and the result was to retain Ms. Kang Hui Ling as Independent Director.

When identifying candidates for appointment of Director, the Nomination Committee will consider recommendations from existing Board Members, management, major shareholders and third-party sources before recommending to the Board for further deliberation.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

During the financial year under review, the Nomination Committee carried out a review on the composition of the Board, the performance of the Board, Board Committees and individual Directors and the independence status of Independent Directors. The evaluation was conducted based on the result complied from self-assessment form completed by all Directors.

Overall, The Board is satisfied with the performance and effectiveness of the Board, Board Committees and individual directors. The Board also concluded that the composition of the Board members are made up of individual with the required mix of skills, experiences and competencies, appropriate qualification, expertise and business experience for leading the Group.

The Independent Directors also conducted a self-assessment and declared that they have met the criteria for independence set out in Chapter 1 of the MMLR and they continue to be able to exercise independent judgement and to act in the best interest of the Company.

(III) REMUNERATION

The Board has defined its remuneration policy in its Board Charter.

Under this remuneration policy, it is provided that all Executive Directors and Senior Management shall be remunerated based on the Group's and individual's performances, market conditions and their responsibilities, whilst the remuneration policy for Independent Director emphasises fair remuneration to avoid creating conflicting interest with their responsibility for bringing objective and independent judgement on matters discussed in the board meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(III) REMUNERATION (CONT'D)

Independent Directors are entitled for fees only, based on their experience, level of responsibilities assumed in the Board Committees, their special skills and expertise they bring to the Board.

The Remuneration Committee has conducted a comparison on the remuneration of all Board members against other public listed companies in Bursa Malaysia with similar businesses, market capitalisation, net assets, PE ratio, dividend yield and return on equity during the financial year. Based on this review, the Board has proposed a fee revision for all its Members. This proposed fee revision was tabled and voted for by shareholders in the last AGM.

The terms of reference of the Remuneration Committee are posted in the corporate website.

The determination of Directors' remuneration is subject to Board's approval. The Director concerned should abstain from discussing his/her own remuneration.

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The amount of Directors' fee for the new financial year proposed for the shareholders' approval at the forthcoming AGM is RM270,000.

The details of Directors remuneration for the financial year ended 30 June 2019 are as follows:

Remuneration Received from the Company	Independent Non-Executive Directors					
	Kang Hui Ling (RM)	Lim Ts-Fei (RM)	Dr. Wong Kai Fatt (RM)	Chow Yoon Sam (RM)	Lee Wai Kuen (RM)	Total (RM)
Directors' Fee	30,000	30,000	30,000	30,000	30,000	150,000

Remuneration Received from the Group	Executive Director				
	Tan Sri Dato' Lim Kang Hoo (RM)	Tan Sri Datuk Seri Lim Keng Cheng (RM)	Dato' Lim Hoe (RM)	Lim Chen Herng (RM)	Total (RM)
Directors' Fee	30,000	30,000	30,000	30,000	120,000
Allowances	66,000	66,000	-	-	132,000
Salaries	1,800,000	960,000	600,000	-	3,360,000
Bonus	900,000	480,000	300,000	-	1,680,000
Benefits-in-Kind	22,700	35,200	22,700	-	80,600
Defined Contribution Plan	180,000	172,800	60,000	-	412,800
Total	**2,998,700**	**1,744,000**	**1,012,700**	**30,000**	**5,785,400**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(III) REMUNERATION (CONT'D)

Details of the remuneration of the Top 5 senior management (including salary, bonus, benefits in-kind and other emoluments) during the financial year 2019, are as follow:

Senior Management	Range of Remuneration		
	RM300,001 – RM350,000	RM350,001 – RM400,000	RM400,001 – RM450,000
Tham Beng Choy (Chief Executive Officer)	-	-	√
Lee Ban Hock (Senior General Manager)	-	√	-
Encik Zakaria Bin Shaffie (Project General Manager)	√	-	-
Encik Zulkhanine Bin Shamsudin (Project Director)	-	√	-
Heng Hock Lai (General Manager)	-	-	√

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The Board has established an effective and independent ARMC. Collectively, the ARMC possess a wide range of skills to discharge its duties and majority of its members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. Presently, the members of ARMC comprising fully Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the Board.

The Group maintains a transparent relationship with the External Auditors in seeking professional advice towards ensuring compliance with applicable financial reporting standards. As part of the ARMC review processes, the ARMC has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The summary of work of ARMC is reported in the ARMC Report on page 47.

(II) RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the overall and oversight of risk management in the Group covering the systems of risk management and internal control for financial, operational and compliance while the Executive Directors together with the senior management team are primary responsible for managing risks in the Group.

The Statement on Risk Management and Internal Control is set out on pages 43 to 45 of this Annual Report detailing the state and fundamentals of the risk management and internal control systems in the Group as well as the review mechanism of the Board. The Board has expressed in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.

The Internal Audit Function is outsourced to an internal audit consulting firm. The internal audit function is headed by a Director who is assisted by a manager and supported by an audit executive. Further details of Internal Audit Function are reported in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) COMMUNICATION WITH STAKEHOLDERS

The Group believes that clear and consistent communication with investors promotes better appreciation of the Company's business and activities and allows the Group's business and prospects to be evaluated fairly.

Presently, the Board communicates with stakeholders by way of:

i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information and financial statements;

ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;

iii. the Company website at https://ekovest.com.my. Shareholders or investors may access information on the Group under "Investor Relations" link encompassing financial, stock information, Corporate Governance practices and announcements to Bursa Securities;

iv. shareholders interaction during the general meetings; and

v. meetings with research analysts and fund managers if required to provide them with insight of business in Group and the industry.

The Group has also leveraged on its corporate website to communicate, disseminate and add depth to its communication with the public.

(II) CONDUCT OF GENERAL MEETINGS

The Company's general meetings are an important avenue for dialogue with shareholders. During the general meeting, shareholders are provided with the opportunity to seek clarification on the Group's strategy, performance and major developments.

In order to promote shareholders' participation and engagement with the Board and senior management effectively in the AGM, the Board would ensure that the Notice of the AGM is sent to shareholders at least 28 days ahead of the date of general meeting. The Board would also ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.

In the last AGM, the company had issued its notice of AGM twenty eight (28) days prior to the meeting.

The Board Chairman and the Chairpersons of the Board Committees will respond to all questions raised by the shareholders during the Annual General Meeting. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation in the meetings. Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

Explanation for each proposed resolution set out in the Notice of AGM will be provided, if needed during AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the votes cast in the AGM. The outcome of the AGM will be announced to Bursa Securities on the same day while the summary of key matters discussed during the AGM will be posted at a later time on the Company website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors of Ekovest Berhad ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 June 2019. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guidelines") which was endorsed by the Bursa Malaysia Securities Berhad ("Bursa Securities").

2. BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard the shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage these risks.

The Board understands the principal risks of the business that the Group involves and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. Functionally, risk management are the responsibility of all Executive Directors and management staff members who manage the business risks in the Group and ensure that businesses are under control.

3. RISK MANAGEMENT

The Group has adopted the principle of risk management framework for identifying, evaluating and managing significant risks facing the organization based on the ISO 31000 on Risk Management. Functionally, all Executive Directors and Senior Management are responsible to identify and manage business risks faced by the Group in order to ensure that business operations are under control and corporate targets and objectives are achieved.

Similar with the previous year, Management has re-assessed the Group's risks and affirmed that those principal risks and action plans identified in the previous year remain relevant for the current operation and business environments of the Group.

Principal Risks	Management Mitigation Measures
1. Project Cost Overrun	• Project costing and budget is subject to Technical Assessment Committee's review and approval. • On-going monitoring of project progress, timetable and budgetary controls by Project Teams.
2. Toll Concession Risk	• Loss of toll revenue arising from non-revision of toll rate will be compensated by government under the concession agreement.
3. Weak Property Market	• Application of dynamic and competitive pricing and marketing strategies. • Keeping abreast with latest market developments and competitors' strategies. • Increasing marketing promotions and publicities at the right time. • Actively taking part in property road shows and exhibitions.
4. Natural Disaster and Accident	• Securing adequate insurance coverage. • Implementation of emergency response and notifications procedures. • Formation of emergency response teams. • Conducting monthly slope and drainage inspection. • Conducting biennial structural inspection.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. REVIEW MECHANISM

The Board has delegated and empowered the Audit and Risk Management Committee ("ARMC") to assume the responsibility in overseeing risk management in the Group.

Following are the main review mechanism conducted by the ARMC in addition to the annual review of risk assessment mentioned in the above Section:

i. The ARMC assesses the adequacy and effectiveness of internal controls based on the internal audit findings presented by the Internal Auditors. These reviews were done quarterly where the Internal Auditors will present their internal audit report to the ARMC and audit issues and action taken by management to address control deficiencies will be deliberated;

ii. Management supplements the ARMC's review on internal control and risk management when presenting their quarterly financial performance and results to ARMC. In this case, the ARMC will consider the Group's performance vis-à-vis the risks and challenges in the business and measures taken by Management to address these risks and challenges; and

iii. Annually, upon completion of audit, the External Auditors will report to the ARMC on their audit findings. As part of this review, ARMC will obtain feedback from the External Auditors on risk and control issues noted by them in the course of their statutory audit.

5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the system of internal control of the Group remain as follows:

- Delegation and separation of responsibilities between the Board and management. The Independent Directors overseeing the financial and operational performance reported to the Board by the Management;
- Organisational structure outlining the lines of responsibilities and hierarchical structure for planning, executing, controlling and monitoring the business operations;
- Limit of authority and approval facilitating delegation of authority;
- Budgeting process and variances performance reporting for contract jobs are monitored by the Executive Directors;
- Standard operating procedures under the ISO 9001:2015 and ISO 140001: 2015 on Quality Management System and OHSAS 18001:2007 on Occupational Safety and Health Management System. These management system procedures apply to the operational procedures in the provision of construction, civil engineering works, project management of building, bridges, irrigation systems, motorway, expressway and associated works.
- Potential financial risk exposure resulting from construction activities, fire, perils, consequential loss, burglary, fidelity and public liability are insured to minimize Group's financial exposures and losses; and
- Monthly management reporting procedures for monitoring and tracking of performance of the Group.

6. MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities' Guidelines, Management is responsible for identifying risks; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

The Board has received assurance from Managing Director and Chief Finance Officer that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

7. BOARD ASSURANCE AND LIMITATION

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of internal control and risk management are adequate and effective to enable the Group to achieve its business objectives.

Nonetheless, the Board wishes to reiterate that risk management and internal control are designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

During the current financial year, there were no major internal control weaknesses which led to material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

8. REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3) issued by MIA.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement is made in accordance with the approval by the Board dated 15 October 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF MEETINGS

The members of the Audit and Risk Management Committee ("ARMC") comprises 5 Independent Non-Executive Directors who remain the same as last financial year.

During the financial year under review, a total of five (5) meetings were held and the record of attendances of the members is as follows:

Name of Member	Attendance at Meetings
Ms Kang Hui Ling Chairman (Senior Independent and Non-Executive, MIA member)	5/5
Ms Lim Ts-Fei Director (Independent and Non-Executive)	4/5
Dr Wong Kai Fatt Director (Independent and Non-Executive)	5/5
Mr Chow Yoon Sam Director (Independent and Non-Executive)	5/5
Mr Lee Wai Kuen Director (Independent and Non-Executive)	5/5

The Company Secretary is the Secretary of the ARMC.

ARMC meetings were also attended by the External Auditors and the Internal Auditors.

TERMS OF REFERENCE

The Terms of Reference of ARMC are published on the corporate website of the Company at *http://ekovest.listedcompany.com/tor_ac.html* for shareholders' reference pursuant to Paragraph 9.25 of MMLR. These terms of reference were updated in accordance with the latest practices in the MCCG on the provisions of the composition requirements of Audit Committee members as well as the roles of Audit Committee Chairman and members.

During the financial year, the Nominating Committee had reviewed the performance and effectiveness of the ARMC and reported that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The work carried out by the ARMC during the financial period were summarized as follows:

a) Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters and considered the impact on the disclosure and presentations of the Group's financial position as well as the approved financial standards before recommending to the Board for further review and approval;

b) Reviewed and discussed with the External Auditors upon completion of 2018 audit on the audit status report, the audit opinion rendered, the key audit matters, audit findings and internal control deficiencies;

c) Reviewed the External Auditors' audit planning memorandum for financial year 2019 covering their scope of audit, methodology and timetable, audit materiality, areas of focus, key audit matter, fraud considerations prior to the commencement of their annual audit;

d) Considered and reviewed the changes in or the implementation of major accounting policy changes, any significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters were addressed;

e) Conducted independent private meeting sessions with the External Auditors and Internal Auditors without the presence of executive Board members and management to discuss matters arising from their audit;

f) Considered and reviewed the performance and independence of the External Auditors and recommended to the Board for re-appointment;

g) Reviewed the Corporate Governance Overview Statement, Audit and Risk Management Committee's Report, Statement on Risk Management and Internal Control and the Corporate Governance Report prior to submission to the Board for consideration and approval for inclusion in the Annual Report;

h) Reviewed related party transactions that may arise within the Company and/ or Group including any transaction, procedure or course of conduct that raises questions of management integrity and ensure that these transactions were transacted on arm's length basis and are not detrimental to the interests of the minority shareholders;

i) Reviewed and reported to the Board the state of internal control system of the Group;

j) Reviewed the progress of internal audit plan to ensure that the direction of the audit is appropriate to changes in the environment, in which the Group is operating;

k) Reviewed the Internal Audit Reports and discussion on the audit findings, recommendations and management's comments on the internal audit issues as well as the follow-up audit status in order to ensure that management responded to the audit findings appropriately; and

l) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and ascertained its effectiveness.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Para 15.27 of MMLR provides that a listed issuer must establish an internal audit function which is independent of the activities it audits and must ensure its internal audit function reports directly to the ARMC.

The Company has outsourced its internal audit function to an internal audit consulting firm. The audit team members are independent of the activities audited by them. The primary responsibility of this internal audit function is to assist the Board and the ARMC in reviewing and assessing the management systems of internal control and to provide recommendations to strengthen these internal control procedures.

The Internal Auditors have performed their work in accordance with the principles of the international professional practice framework on internal auditing covering the conduct of audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus on relevant and appropriate risk areas, an internal audit plan was developed in consultation with the ARMC and management, taking into consideration the Group's structure, risks, on-going and upcoming construction and property development projects, segmental financial performance of the businesses in the Group and recurrent related party transactions. New internal audit plan will be proposed and presented to the ARMC when appropriate for deliberation and approval before internal audit reviews are carried out.

The Internal Auditors report to the ARMC during the ARMC's quarterly meetings on the audit findings and areas of improvement for the reviewed areas. Prior to the presentation of reports and findings to the ARMC, comments from the management are obtained and incorporated into the internal audit findings and reports. In addition, the Internal Auditors also conduct follow up audits to ensure that the agreed audit recommendations are implemented.

During the financial year, the Internal Auditors had attended four (4) ARMC meetings. The summary of work conducted and reported by the Internal Auditors during the ARMC's quarterly meetings in the current financial year are as follows:

i. Evaluated the effectiveness of management control of Setiawangsa-Pantai Expressway covering tendering and contractor selection, contract awards, progress billings/claims including disbursements, collection and back charges, variation order, retentions and site management;

ii. Reviewed recurrent related party transactions;

iii. Conducted follow-up audits to ascertain status of management implementations of the agreed audit recommendations;

iv. Evaluated the effectiveness of the control produces in maintenance services and safety of EkoCheras mall;

v. Briefed on the requirements for Sustainability Reporting; and

vi. Evaluated the effectiveness of human resource management of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd.

The fees incurred during the current financial year for the internal audit function of the Group is RM70,000.

NOMINATION COMMITTEE STATEMENT

The Nomination Committee ("NC") comprises of 5 Independent Non-Executive Directors and the members of the NC are as follows:

Chairperson	:	Ms Kang Hui Ling
Member	:	Ms Lim Ts-Fei Dr Wong Kai Fatt Mr Chow Yoon Sam Mr Lee Wai Kuen

The terms of reference of the Nomination Committee are as follows:

- Develop, maintain and review the criteria to be used in the recruitment of Directors and annual appraisal of Directors, Board Committee and Board as a whole;
- Assess and recommend to the Board the candidature of directors and appointment of Directors to Board Committees based on the individual and the Directors' competencies, commitment, contribution and performance;
- Facilitate Board induction and identify and assess directors' training needs and programmes;
- Review the boardroom diversity and encourage female participation in the Board;
- Develop the criteria to assess independence and apply these criteria upon admission, annually and when any new interest or relationship develops;
- Examine and review the Board structure, size and composition with a view to present recommendations to the Board on the optimum number of Directors on the Board to ensure its effectiveness and to comply with regulatory requirements; and
- Recommend, if necessary, the service and employment contracts of Executive Directors including their job descriptions & terms of reference.

In accordance to the Board Charter, NC shall assist the Board to undertake performance assessment of the Board, Board Committees and Individual Directors. In addition, the Board Charter provides that the size of the Board shall be determined based on the credential, knowledge and experience needed for effective functioning and constructive debates in the Board as well as regulator's requirements on board composition. Also, the appointment of new Board and Senior Management shall be based on objective criteria with due regard to diversity of skills, experience, age, cultural background and gender that meet the needs of the Board. When identifying candidates for appointment of Directors, the Board will evaluate the recommendations from existing Members, Management, Major Shareholders or utilise external sources to identify suitably qualified candidates.

In order to address the mandates provided in the Board Charter to the NC, the NC had conducted a meeting which was attended by all its members to review the evaluation of the Board, Board Committees and individual Directors during the year. Following are the key agenda deliberated:

i) Annual Assessment of the Independence Status of Independent Directors

The NC, save and except for Ms. Kang Hui Ling, has deliberated the position of Ms. Kang Hui Ling who has served the Board as an Independent Director for more than twelve (12) years and resolved to recommend to the Board to put forth her appointment to be approved by shareholders through a two-tier voting process in the Annual General Meeting. Besides fulling the independence criteria set out in the Listing Requirements, the NC feels that her long service which enable her to contribute more effectively in Audit and Risk Management Committee and Board meetings.

The NC also noted that all Independent Directors of the Board have declared and confirmed that they have complied with the criteria of independent director under the Main Market Listing Requirements and are able to exercise independent judgment and act in the best interest of the Company.

NOMINATION COMMITTEE STATEMENT

In order to address the mandates provided in the Board Charter to the NC, the NC had conducted a meeting which was attended by all its members to review the evaluation of the Board, Board Committees and individual Directors during the year. Following are the key agenda deliberated: (Cont'd)

ii) Effectiveness and Composition of the Board and Performance of Individual Directors

The NC has reviewed the evaluation forms completed by all Board members and noted that the performance and effectiveness of the Board, Board Committees and individual directors are satisfactory.

The evaluation form also revealed that the present composition of the Board members and the Board Committees comprising individual with the required mix of skills, experiences and competencies, appropriate qualification, expertise and business experience are satisfactory for leading the Group. Accordingly, the NC has recommended to the Board to maintain the current compositions of the Board and Board Committee.

At individual level, the assessment showed that all Board members possess relevant qualification, knowledge, experience and ability to understand the technical requirements, risks and management of the Group's business. Also, all Board members have discharged their duties and responsibilities in a commendable manner and demonstrated their commitment and effort to the affairs of the Company and Group.

Broadly, the criteria used for these performance evaluations are as follows:

Criteria	Board	Board Committee	Individual Director
Mix and Composition	√	√	
Quality of Information and Decision Making	√	√	
Coverage of Activities	√	√	
Skill sets	√	√	√
Character and Personality			√
Experience			√
Integrity			√
Competency			√
Time Commitment			√

iii) Terms of Office and Performance of the Audit and Risk Management Committee ("ARMC") and Each of its Members Pursuant to Paragraph 15.20 of the MMLR of Bursa Securities

The NC has reviewed the assessment compiled from the "Audit Committee Self and Peer's Evaluation Form". Overall, it was noted that all members of the ARMC have carried out their duties in accordance with the terms of reference of the ARMC.

iv) Retirement of Directors

Based on the annual assessment of Directors' performance, the NC also recommended to the Board a resolution to put forth for the shareholders' consideration of the re-election of all retiring Directors at the Annual General Meeting.

FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, applicable financial reporting standards and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year under review; and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 June 2019, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards and disclosure requirements of the Listing Requirements have been followed in the preparation of the financial statements.

This Statement is made in accordance with a resolution of the Board dated 15 October 2019.

DIRECTORS' REPORT
FOR FINANCIAL YEAR ENDED 30 JUNE 2019

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, civil engineering and building works.

The principal activities of the subsidiaries are disclosed in note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year attributable to:		
Owners of the Company	140,476	89,471
Non-controlling interests	(10,032)	-
Net profit for the financial year	130,444	89,471

DIVIDENDS

During the financial year, the Company paid a first and final single-tier dividend of 1 sen per ordinary share amounting to RM21,392,029, in respect of the financial year ended 30 June 2018 as disclosed in the Directors' Report of that year, on 17 January 2019.

The directors propose a first and final single-tier dividend of 1 sen per ordinary share amounting to RM26,548,280 for the financial year ended 30 June 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the financial year ending 30 June 2020.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 214,800,000 new ordinary shares pursuant to the Private Placement for a total cash consideration of RM178,284,000 for working capital purpose.

There were 300,825,109 new ordinary shares issued by the Company by virtue of the exercise of Warrants at RM0.48 per Warrant as disclosed in note 23(b) to the financial statements.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

WARRANTS

The salient features of the Warrants are disclosed in note 23(b) to the financial statements.

During the financial year, there were 300,825,109 Warrants of the Company being exercised at RM0.48 per share and the remaining 4,111,588 unexercised Warrants were expired on 25 June 2019.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") is governed by the By-Laws which was approved by the shareholders at an Extraordinary General Meeting held on 8 May 2014. The ESOS was implemented on 26 September 2014 and is in force for a period of 5 years from the date of implementation, and may be further extended for a maximum period of 5 years at the absolute discretion of the Board of Directors.

The details of the share options are disclosed in note 23(c) to the financial statements.

There were no options exercised or lapsed during the financial year.

The outstanding 120,330,000 options at an exercise price of RM1.30 per share under the ESOS expired on 25 September 2019.

RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

SUBSIDIARIES

Details of the subsidiaries are set out in note 10 to the financial statements.

There is no qualified auditor's report on the financial statements of any subsidiary for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiaries hold any shares in the holding company.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Tan Sri Dato' Lim Kang Hoo	
Tan Sri Datuk Seri Lim Keng Cheng	
Dato' Lim Hoe	
Kang Hui Ling	
Lim Ts-Fei	
Dr Wong Kai Fatt	
Chow Yoon Sam	
Lee Wai Kuen	
Lim Chen Herng	
Lim Chen Thai	(Alternate to Tan Sri Dato' Lim Kang Hoo)
Lim Ding Shyong	(Alternate to Tan Sri Datuk Seri Lim Keng Cheng)
Wong Khai Shiang	(Alternate to Dato' Lim Hoe)

DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries (excluding directors who are also directors of the Company) during the period commencing from the beginning of the financial year to the date of this report are:

Zulkhanine Bin Shamsudin	
Zakaria Bin Shaffie	
Kharul Anuar Bin Abdul Basit	
Ahmad Nasir Bin Mohd Said	
Tham Beng Choy	
Lim Soo San	
Deng Hie Lang @ Teng Hieh Lang	
Azizul Bin Zainol	
Norsam @ Norsamsida Binti Hassan	
Shaharuddin Bin Mohamed	
Chua Soo Kok	
Aminuddin Bin Omar Azaddin	
Muhammad Noor Bin Abd Aziz @ Hashim	
Dato' Azmir Merican Bin Azmi Merican	
Rouziputra Bin Mad Noh	
Mohamad Hassan Bin Zakaria	
Gan Tien Chie	
Kuek Gek Hia	(Appointed on 4 September 2018)
Lim Fang Ching	(Appointed on 4 September 2018)
R Ramesh A/L Rasu	(Appointed on 7 August 2018 and resigned on 14 September 2018)
Dato' Haris Onn Bin Hussein	(Resigned on 24 July 2018)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of financial year, had interests in shares or debentures as follows:

	Number of ordinary shares			
	At 1-7-2018	Bought	Sold	At 30-6-2019
Tan Sri Dato' Lim Kang Hoo				
- direct interest	431,705,221	61,672,172	-	493,377,393
- indirect interest	260,750,022	37,250,010	-	298,000,032
Tan Sri Datuk Seri Lim Keng Cheng				
- direct interest	10,833,000	-	-	10,833,000
- indirect interest	153,539,800	1,559,500	23,500,000	131,599,300
Dato' Lim Hoe				
- direct interest	10,578,250	1,424,125	-	12,002,375
Chow Yoon Sam				
- direct interest	140,000	20,000	-	160,000
Wong Khai Shiang (Alternate to Dato' Lim Hoe)				
- direct interest	750,000	-	-	750,000

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

The following directors, who held office at the end of financial year, had interests in shares or debentures as follows:

	Number of Warrants				
	At 1-7-2018	Sold	Exercised	Lapsed	At 30-6-2019
Tan Sri Dato' Lim Kang Hoo					
- direct interest	61,672,172	-	61,672,172	-	-
- indirect interest	37,250,010	-	37,250,010	-	-
Tan Sri Datuk Seri Lim Keng Cheng					
- indirect interest	16,701,500	16,701,500	-	-	-
Dato' Lim Hoe					
- direct interest	1,424,125	-	1,424,125	-	-
Chow Yoon Sam					
- direct interest	20,000	-	20,000	-	-

The following directors had interests in ESOS during the financial year as follows:

	Number of share options under the ESOS				
	At 1-7-2018	Granted	Exercised	Lapsed	At 30-6-2019
Tan Sri Dato' Lim Kang Hoo	16,000,000	-	-	-	16,000,000
Tan Sri Datuk Seri Lim Keng Cheng	16,000,000	-	-	-	16,000,000
Dato' Lim Hoe	16,000,000	-	-	-	16,000,000
Kang Hui Ling	3,200,000	-	-	-	3,200,000
Lim Ts-Fei	3,200,000	-	-	-	3,200,000
Dr Wong Kai Fatt	3,200,000	-	-	-	3,200,000
Chow Yoon Sam	3,200,000	-	-	-	3,200,000
Lee Wai Kuen	3,200,000	-	-	-	3,200,000
Lim Chen Herng	3,200,000	-	-	-	3,200,000
Lim Ding Shyong	3,200,000	-	-	-	3,200,000
Wong Khai Shiang	3,200,000	-	-	-	3,200,000

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the shares, warrants or share options granted under the ESOS of the Company and its related corporations.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in note 42(a) to the financial statements which were carried out in the ordinary course of business.

Other benefits and remuneration of the directors are set out in note 43 to the financial statements.

INDEMNITY

There was no indemnity given for any of the directors of the Group or the Company.

OTHER INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts to be written off and allowance for doubtful debts was not required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render it necessary to write off any bad debts or to make an allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:

(a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in note 53 to the financial statements.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

SUBSEQUENT EVENTS

Details of subsequent events after the financial year end are disclosed in note 54 to the financial statements.

AUDITORS

Auditors' remuneration is set out in note 37 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

TAN SRI DATO' LIM KANG HOO
Director

TAN SRI DATUK SERI LIM KENG CHENG
Director

Kuala Lumpur

Date: 15 October 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EKOVEST BERHAD
INCORPORATED IN MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ekovest Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue Recognition for Construction Contracts and Property Development Activities

The risk:

The Group's revenues and profits are mainly generated from construction contracts and sale of development properties. For the financial year ended 30 June 2019, construction contract revenue and property development revenue amounted to RM946 million and RM197 million, respectively, accounting for approximately 71% and 15% of the Group's revenue, respectively. These revenues are recognised by the Group over the period of the contract using the percentage of completion method of accounting, based on the proportion of development/construction costs incurred for work performed to date compared to the estimated total development/construction costs.

The determination of the percentage of completion requires exercise of significant judgement in estimating the total gross development value/contract revenue and total development/construction costs for each of the projects. The directors consider the reasonableness and the completeness of the estimates, including the Group's obligations to contract variations, claim, cost contingencies and rebates.

There is a risk that the estimated revenue, costs or margins may be significantly different from actuals, resulting in material variance in amount of revenue and/or profit recognised in the current period.

The Group's accounting policies and revenue arising from construction contracts and property development are disclosed in notes 3(q) and 33, respectively, to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EKOVEST BERHAD
INCORPORATED IN MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

(a) Revenue Recognition for Construction Contracts and Property Development Activities (Cont'd)

Our response:

(i) We obtained understanding of the revenue recognition process and tested the operating effectiveness of the Group's internal controls relating to approvals of development/construction costs, budgets, authorisation and recognition of revenues and costs;

(ii) We assessed the reasonableness of management's key assumptions used in deriving at the estimates for total development/construction costs for each of these projects, where possible, examining documentary evidence such as letters of award issued, variation orders, historical evidence or results and retrospective review of these estimates;

(iii) We assessed the gross development value/contract revenue against the signed sales and purchase agreements, selling price of the unsold units, rebates offered and construction contracts;

(iv) We recomputed the percentage of completion after considering implications of identified errors (if any) or changes in estimates;

(v) We checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and tested actual costs incurred and recorded, for the occurrence and accuracy; and

(vi) We enquired the management if there is any delay in completion of projects and assessed the adequacy of any possible foreseeable losses.

(b) Valuation of Investment Properties

The risk:

The Group's investment properties as at 30 June 2019 amounted to RM720 million.

The Group adopts fair value model for its investment properties. The fair value of the Group's investment properties were based on valuations or update on previous valuations carried out by independent professional valuers. The fair value of the investment properties were determined by reference to the selling prices of recent transactions or asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, development concept and size.

Determination of fair value involves significant judgement in estimating the inputs used that are other than quoted prices.

The Group's accounting policies and disclosures on investment properties are disclosed in notes 3(g) and 6, respectively, to the financial statements.

Our response:

(i) We have considered and assessed the independent professional valuers' competence, reputation or relevant experience, objectivity and independence;

(ii) We discussed and obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties;

(iii) We have assessed the reasonableness of key assumptions and inputs used, including, where applicable, selling prices of recent transactions, asking prices of similar properties of nearby location, any adjustments for tenure, location, development concept and size; and

(iv) We performed site visits on major properties.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

(c) Amortisation and Impairment Assessment of Concession Assets

The risk:

As at 30 June 2019, the Group's concession assets amounted to RM4.7 billion, which represents 44% of the Group's total assets. The Group used projected traffic volume as a denominator (of the formula as disclosed in note 3(e) to the financial statements) to amortise the carrying amount of concession assets over the concession period. The assumptions to arrive at the traffic volume projection take into consideration the growth rate and economic conditions.

Further, impairment assessment of concession assets requires significant judgements and estimates on discount rate applied for the calculation of recoverable value and the assumptions used in the cash flow projections, including the projected traffic volume and forecast growth rates over the projection period.

There is a risk that the estimated projected traffic volume, growth rate, discount rate and cash flow projections may be significantly different from actuals, resulting in material variance in the calculated amortisation and recoverable value of the concession assets.

The Group's accounting policies and disclosures on concession assets are disclosed in notes 3(e) and 8, respectively, to the financial statements.

Our response:

(i) We considered and assessed the independent traffic consultant's competence, reputation or relevant experience, objectivity and independence;

(ii) We obtained an understanding of the methodology adopted by the independent traffic consultant in estimating the traffic volume projection;

(iii) We assessed the reasonableness of key assumptions, including traffic volume projection, discount rate and forecast growth rates used in cash flow projections;

(iv) We tested the mathematically accuracy of amortisation amount and recoverable amount calculation; and

(v) We performed sensitivity analysis on the projected traffic volume and assumptions used, and assessed the impact to the carrying amount of concession assets.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EKOVEST BERHAD
INCORPORATED IN MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EKOVEST BERHAD
INCORPORATED IN MALAYSIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

1. As stated in note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by directors of the Company to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2017 and statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 June 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as of 30 June 2019 and financial performance and cash flows for the year then ended.

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

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

FRANCIS XAVIER JOSEPH
02997/06/2020 J
Chartered Accountant

Kuala Lumpur

Date: 15 October 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	133,922	70,248	64,417
Investment properties	6	719,560	569,803	413,411
Land held for property development	7	507,628	359,696	218,502
Concession assets	8	4,682,373	3,828,941	3,179,661
Intangible assets	9	6,453	-	-
Investment in an associate	11	104,348	-	-
Deferred tax assets	14	13,163	9,854	4,495
Total non-current assets		6,167,447	4,838,542	3,880,486
Current assets				
Inventories		331	-	-
Contract assets	15	103,096	313,078	216,360
Contract costs	16	4,441	29,990	32,002
Property development costs	17	346,504	381,974	245,361
Trade and other receivables	18	256,840	229,902	423,557
Current tax assets		22,168	11,374	1,174
Investment funds	19	2,281,600	3,183,782	3,945,318
Short term deposits	20	689,122	456,131	395,891
Cash and bank balances	21	830,048	303,078	212,733
Total current assets		4,534,150	4,909,309	5,472,396
TOTAL ASSETS		10,701,597	9,747,851	9,352,882

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	Group 1.7.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity				
Share capital	22	1,117,961	755,593	428,115
Reserves	23	1,334,119	1,254,744	1,499,552
Equity attributable to owners of the Company		2,452,080	2,010,337	1,927,667
Non-controlling interests		358,149	368,178	379,244
Total equity		2,810,229	2,378,515	2,306,911
Non-current liabilities				
Hire purchase liabilities	24	6,578	10,511	10,291
Bank term loans	25	320,891	603,128	598,909
Medium term notes	26	5,404,634	5,401,331	5,360,910
Reimbursable interest assistance	27	270,008	50,911	-
Deferred income	28	292,181	49,089	-
Provision for heavy repairs	29	6,019	3,827	2,567
Deferred tax liabilities	30	246,269	221,962	210,456
Total non-current liabilities		6,546,580	6,340,759	6,183,133
Current liabilities				
Contract liabilities	15	20,536	20,818	25,016
Trade and other payables	31	586,849	471,112	384,956
Hire purchase liabilities	24	6,043	6,781	5,704
Bank borrowings	32	661,611	511,211	403,107
Medium term notes	26	38,749	16,215	18,371
Current tax liabilities		31,000	2,440	25,684
Total current liabilities		1,344,788	1,028,577	862,838
Total liabilities		7,891,368	7,369,336	7,045,971
TOTAL EQUITY AND LIABILITIES		10,701,597	9,747,851	9,352,882

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Company 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	3,958	3,949	3,796
Investment properties	6	23,445	23,438	22,443
Investments in subsidiaries	10	1,437,381	1,437,381	1,365,381
Investment in an associate	11	104,681	-	-
Other investment	12	276,811	258,399	238,487
Amounts owing by subsidiaries	13	303,931	176,590	281
Total non-current assets		2,150,207	1,899,757	1,630,388
Current assets				
Contract assets	15	198	-	-
Trade and other receivables	18	12,900	17,888	21,308
Amounts owing by subsidiaries	13	574,116	171,438	431,150
Current tax assets		5,420	4,135	-
Short term deposits	20	213,510	300,382	320,068
Cash and bank balances	21	145,296	188,919	71,886
Total current assets		951,440	682,762	844,412
TOTAL ASSETS		3,101,647	2,582,519	2,474,800

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Company 30.6.2019 RM'000	Company 30.6.2018 RM'000 (Restated)	Company 1.7.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
Equity				
Share capital	22	1,117,961	755,593	428,115
Reserves	23	485,583	457,213	674,265
Total equity		1,603,544	1,212,806	1,102,380
Non-current liabilities				
Hire purchase liabilities	24	399	356	272
Bank term loans	25	121,414	395,282	443,832
Deferred tax liabilities	30	1,127	568	503
Total non-current liabilities		122,940	396,206	444,607
Current liabilities				
Contract liabilities	15	-	60,037	127,164
Trade and other payables	31	134,889	74,009	11,731
Amounts owing to subsidiaries	13	916,594	591,167	625,890
Hire purchase liabilities	24	235	165	437
Bank borrowings	32	323,445	248,129	156,765
Current tax liabilities		-	-	5,826
Total current liabilities		1,375,163	973,507	927,813
Total liabilities		1,498,103	1,369,713	1,372,420
TOTAL EQUITY AND LIABILITIES		3,101,647	2,582,519	2,474,800

The accompanying notes form an integral part of the financial statements

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 Restated)
Revenue	33	1,335,178	1,036,867	1,072,114	911,545
Cost of sales	34	(878,898)	(671,310)	(930,776)	(696,201)
Gross profit		456,280	365,557	141,338	215,344
Other income and gains	35	78,700	32,974	29,322	35,211
Selling and marketing expenses		(5,633)	(4,070)	-	-
Administrative and general expenses		(88,309)	(63,993)	(16,677)	(16,570)
Other expenses		(10,293)	(4,897)	(4,356)	(4,819)
Share of results of an associate		(333)	-	-	-
Finance costs	36	(204,146)	(160,650)	(52,794)	(75,515)
Profit before tax	37	226,266	164,921	96,833	153,651
Tax expense	38	(95,822)	(50,533)	(7,362)	(441)
Net profit for the year		130,444	114,388	89,471	153,210
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		130,444	114,388	89,471	153,210
Net profit for the year attributable to :					
Owners of the Company		140,476	125,454	89,471	153,210
Non-controlling interests		(10,032)	(11,066)	-	-
		130,444	114,388	89,471	153,210
Total comprehensive income for the year attributable to :					
Owners of the Company		140,476	125,454	89,471	153,210
Non-controlling interests		(10,032)	(11,066)	-	-
		130,444	114,388	89,471	153,210
Earnings per share of net profit attributable to the owners of the Company					
- Basic	39	6.45 sen	5.86 sen		
- Diluted	39	6.45 sen	5.44 sen		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF

CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to owners of the Company								
		Non-distributable							
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Warrant reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
Group									
At 1 July 2017 (as previously stated)	428,115	327,478	82,453	40,251	22,622	1,020,970	1,921,889	379,244	2,301,133
Effects of adoption of MFRS 15 (Note 55)	-	-	-	-	-	5,778	5,778	-	5,778
At 1 July 2017 (as restated)	428,115	327,478	82,453	40,251	22,622	1,026,748	1,927,667	379,244	2,306,911
Total comprehensive income for the year	-	-	-	-	-	125,454	125,454	(11,066)	114,388
Transfer pursuant to Companies Act 2016	327,478	(327,478)	-	-	-	-	-	-	-
Dividend paid (Note 40)	-	-	-	-	-	(42,784)	(42,784)	-	(42,784)
At 30 June 2018	755,593	-	82,453	40,251	22,622	1,109,418	2,010,337	368,178	2,378,515

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to owners of the Company								
		Non-distributable							
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Warrant reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
Group									
At 1 July 2018 (as previously stated)	755,593	-	82,453	40,251	22,622	1,092,435	1,993,354	368,178	2,361,532
Effects of adoption of MFRS 15 (Note 55)	-	-	-	-	-	16,983	16,983	-	16,983
At 1 July 2018 (as restated)	755,593	-	82,453	40,251	22,622	1,109,418	2,010,337	368,178	2,378,515
Total comprehensive income for the year	-	-	-	-	-	140,476	140,476	(10,032)	130,444
Issuance of shares pursuant to:									
- exercise of warrants (Notes 22 and 23(b))	184,105	-	-	(39,709)	-	-	144,396	-	144,396
- private placement (Notes 22 and 53(ii))	178,284	-	-	-	-	-	178,284	-	178,284
Share issuance expenses	(21)	-	-	-	-	-	(21)	-	(21)
Expiry of warrants (Note 23 (b))	-	-	-	(542)	-	542	-	-	-
Issuance of shares by a subsidiary to non-controlling interest (Note 52 (iii))	-	-	-	-	-	-	-	3	3
Dividend paid (Note 40)	-	-	-	-	-	(21,392)	(21,392)	-	(21,392)
At 30 June 2019	1,117,961	-	82,453	-	22,622	1,229,044	2,452,080	358,149	2,810,229

The accompanying notes form an integral part of the financial statements

STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	← Non-distributable →					
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2017 (as previously stated)	428,115	327,478	22,622	40,251	225,427	1,043,893
Effects of adoption of MFRS 9 (Note 55)	-	-	-	-	58,487	58,487
At 1 July 2017 (as restated)	428,115	327,478	22,622	40,251	283,914	1,102,380
Total comprehensive income for the year	-	-	-	-	153,210	153,210
Transfer pursuant to Companies Act 2016	327,478	(327,478)	-	-	-	-
Dividend paid (Note 40)	-	-	-	-	(42,784)	(42,784)
At 30 June 2018	755,593	-	22,622	40,251	394,340	1,212,806
At 1 July 2018 (as previously stated)	755,593	-	22,622	40,251	315,941	1,134,407
Effects of adoption of MFRS 9 (Note 55)	-	-	-	-	78,399	78,399
At 1 July 2018 (as restated)	755,593	-	22,622	40,251	394,340	1,212,806
Total comprehensive income for the year	-	-	-	-	89,471	89,471
Issuance of shares pursuant to:						
- exercise of warrants (Notes 22 and 23 (b))	184,105	-	-	(39,709)	-	144,396
- private placement (Note 22 and 53 (ii))	178,284	-	-	-	-	178,284
Share issuance expenses	(21)	-	-	-	-	(21)
Expiry of warrants (Note 23 (b))	-	-	-	(542)	542	-
Dividend paid (Note 40)	-	-	-	-	(21,392)	(21,392)
At 30 June 2019	1,117,961	-	22,622	-	462,961	1,603,544

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	226,266	164,921	96,833	153,651
Adjustments for:				
Depreciation	11,857	11,176	88	235
Net (gain)/loss on disposal of property, plant and equipment	(41)	(7)	164	12
Gain on disposal of investment properties	(700)	-	-	-
Property, plant and equipment written off	389	74	-	-
Development costs written off	-	1,004	-	-
Contract costs written off	17,562	-	-	-
Net fair value gain on investment properties	(36,574)	(4,186)	-	(995)
Amortisation of concession assets	24,599	24,245	-	-
Amortisation of intangible assets	39	-	-	-
Fair value gain on investment funds	(685)	(1,359)	-	-
Provision for heavy repairs	2,192	1,445	-	-
Dividend income	-	-	(100,000)	(200,000)
Interest income	(27,738)	(22,255)	(29,319)	(33,894)
Finance costs	204,146	160,650	52,794	75,515
Provision for liquidated and ascertained damages and buy back cost	940	21,443	-	-
Share of results of an associate	333	-	-	-
Operating profit/(loss) before working capital changes	422,585	357,151	20,560	(5,476)
Changes in property development costs	(43,799)	(131,583)	-	-
Changes in receivables	(30,748)	(4,523)	(82,759)	107,503
Changes in payables	118,776	67,073	495,440	205,067
Changes in contract assets/liabilities	209,700	(100,916)	(60,235)	(67,127)
Changes in contract costs	7,988	2,012	-	-
Changes in inventories	(331)	-	-	-
Cash generated from operations	684,171	189,214	373,006	239,967
Interest received	21,135	19,099	10,184	13,277
Dividend received	-	-	-	15,000
Interest paid	(2,422)	(2,604)	(1,299)	(938)
Tax paid	(57,058)	(77,830)	(8,088)	(10,337)
Net cash generated from operating activities	645,826	127,879	373,803	256,969

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note 44)	(13,715)	(9,612)	(155)	(290)
Additions to land held for property development	(147,932)	(142,198)	-	-
Acquisition of shares in an associate	(104,681)	-	(104,681)	-
Acquisition of intangible assets	(6,492)	-	-	-
Purchase of investment properties	(89,749)	(144,170)	(7)	-
Net redemptions of investment funds	902,867	762,895	-	-
Additions to concession assets	(750,229)	(553,045)	-	-
Proceeds from disposal of property, plant and equipment	170	921	216	195
Proceeds from disposal of investment properties	1,980	-	-	-
Proceeds from disposal of 40% equity interest in a subsidiary	-	209,000	-	-
(Placement)/Withdrawal of short term deposits	(232,991)	(60,240)	86,872	19,686
Withdrawal/(Placement) in Designated Bank Accounts	139,416	(76,285)	148,863	(92,056)
Advances to subsidiaries	-	-	(461,385)	(151,158)
Interest received	101,516	114,817	-	-
Net cash (used in)/generated from investing activities	(199,840)	102,083	(330,277)	(223,623)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of bank borrowings	305,724	314,788	81,760	98,240
Repayment of bank borrowings	(429,283)	(192,419)	(276,000)	(60,000)
Proceeds from warrants exercised	144,396	-	144,396	-
Proceeds from issuance of shares	178,284	-	178,284	-
Payment of share issuance expenses	(21)	-	(21)	-
Payment of hire purchase liabilities	(7,240)	(7,086)	(209)	(493)
Payment of hire purchase term charges	(233)	(236)	(32)	(32)
Dividend paid	(21,392)	(42,784)	(21,392)	(42,784)
Proceeds from reimbursable interest assistance	460,000	100,000	-	-
Proceeds from issuance of shares by a subsidiary to non-controlling interest	3	-	-	-
(Repayment to)/Advances from subsidiaries	-	-	(9,386)	22,488
Repayment of profit element on IMTNs	(329,360)	(329,065)	-	-
Interest paid	(69,117)	(49,054)	(29,242)	(28,912)
Net cash generated from/(used in) financing activities	231,761	(205,856)	68,158	(11,493)
NET CHANGES IN CASH AND CASH EQUIVALENTS	677,747	24,106	111,684	21,853
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	60,431	36,325	10,038	(11,815)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	738,178	60,431	121,722	10,038
Represented by:				
CASH AND BANK BALANCES	830,048	303,078	145,296	188,919
BANK OVERDRAFTS (Note 32)	(22,420)	(33,781)	(9,445)	(15,889)
DESIGNATED BANK ACCOUNTS (Note 21)	(69,450)	(208,866)	(14,129)	(162,992)
	738,178	60,431	121,722	10,038

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

Ekovest Berhad (the “Company”) is a public listed company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company are disclosed in page 12.

The principal activities of the Company are investment holding, civil engineering and building works. There is no significant change in the Company’s principal activities during the financial year.

The principal activities of the subsidiaries are disclosed in note 10 to the financial statements.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 (“CA 2016”) in Malaysia.

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency. All the amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

(a) First time adoption of MFRS

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 First-time Adoption of MFRS. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards in Malaysia.

The Group and the Company have applied the same accounting policies consistently in the statements of financial position at 1 July 2017 (date of transition) and throughout all financial years presented, as if these accounting policies had always been in effect. Comparative figures in these financial statements have been restated to give effect to these changes. The effects of the transition to MFRS on the Group’s and the Company’s reported financial position, financial performance and cash flows, are disclosed in note 55 to the financial statements.

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following standards, amendments and interpretation that have been issued by the MASB but are not yet effective.

		Effective Date
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019

2. BASIS OF PREPARATION (CONT'D)

(b) Standards issued that are not yet effective (Cont'd)

The Group and the Company have not applied the following standards, amendments and interpretation that have been issued by the MASB but are not yet effective. (Cont'd)

		Effective Date
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above standards, amendments and interpretation are not expected to have significant impact on the financial position and financial performance of the Group and of the Company.

MFRS 16 Leases

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group and the Company have carried out a preliminary assessment of adopting MFRS 16 using modified retrospective method and the financial effects are as follows:

Impact on Consolidated Statement of Financial Position at 1 July 2019

	Group RM'000
Non-current assets	
Right-of-use assets	11,431
Non-current liabilities	
Lease liabilities	8,816
Current liabilities	
Lease liabilities	2,615

2. BASIS OF PREPARATION (CONT'D)

(c) IFRIC Agenda Decision

In March 2019, the IFRS Interpretations Committee published an agenda decision on IAS 23 Borrowing Costs (MFRS 123 Borrowings Costs) relating to over time transfer of constructed good. It is concluded that receivables, contract assets and inventory (work-in-progress) for unsold units under construction for which revenue is recognised over time are not qualifying assets under IAS 23 (MFRS 123). The MASB has announced that an entity shall apply the change in accounting policy as a result of the agenda decision to financial statements of annual periods beginning on or after 1 July 2020. The Group is currently assessing the impact to its accounting policy pursuant to the agenda decision; and will change its accounting policy (where applicable) on or before the mandatory effective date.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries and entities controlled by the Company (including structured entities) made up to the end of the financial year.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect the amount of the investor's returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

Non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes of interests in subsidiaries

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

Loss of control

When the Company loses control of a subsidiary:

(i) it derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

Loss of control (Cont'd)

When the Company loses control of a subsidiary: (Cont'd)

(ii) it recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.

(iii) it recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in a joint venture.

(b) Business combination

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

On the date of acquisition, goodwill is measured as the excess of (i) over (ii) below:

(i) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(ii) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (ii) above exceeds the aggregate of the amounts in (i) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during 12 months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Investments in associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are accounted for in the financial statements using the equity method. The results and net assets of associates are accounted using uniform accounting policies for like transactions and other events in similar circumstances. An investment is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have a significant influence. Under the equity method, the investments are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates. Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment, and goodwill is not tested for impairment separately. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (includes long-term interests that form part of the Group's net investment in the associate, in substance), equity accounting is discontinued; unless the Group has legal or constructive obligations for such losses.

At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate is impaired. If there is such indication, management recognises impairment loss in profit or loss as the difference between the recoverable amount of the associate and its carrying value.

When changes in the Group's interest in an associate do not affect the use of equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group discontinues the use of equity accounting from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value and the fair value is regarded as its fair value on initial recognition. Any gain or loss is recognised in profit or loss. In addition, if a gain or loss previously recognised in other comprehensive income by the associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed.

(d) Investments in subsidiaries and associates (separate financial statements)

In the Company's separate financial statements, investments in subsidiaries and associates are measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investments in subsidiaries and associate disposed of is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Concession assets

Concession assets are recognised to the extent that the Group has a right (a licence) to charge users of the public services.

Concession assets refer to expressways development expenditures ("EDE") and park and ride building which comprise development and upgrading expenditures (including interest charges relating to financing of the development) incurred in connection with the concession.

Concession assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the concession assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

EDE is amortised over the concession period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial year is as follows:

Traffic volume for the year
--------------------------------------- x (Net book value of EDE at the beginning of the year + Additions for the year)
(Actual traffic volume for the year + Projected total traffic volume for the subsequent years to the end of the concession period)

The projected total traffic volume is based on the latest available base case traffic projection prepared by independent traffic consultants.

The traffic volume projection is independently reviewed on a periodic basis.

Park and ride building is amortised based on straight line over remaining concession period.

When an indication of impairment exists, the concession assets are subject to impairment test.

(f) Property, plant and equipment

(i) Measurement basis

Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as profit or loss when incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment (Cont'd)

(ii) Depreciation

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on the straight line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

Buildings	2%
Equipment, plant and machinery	4% - 20%
Motor vehicles	20%
Office equipment	10% - 33 1/3%
Furniture and fittings	10%
Renovation	10% - 20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(g) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of reporting period. Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories; its fair value at the date of reclassification becomes its cost for subsequent accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments for the right to use an asset for an agreed period of time.

Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the leases, if this is determined; if not the Group incremental borrowing rate is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

Leasehold land which in substance is an operating lease is classified as prepaid lease payment.

(i) Intangible assets

(i) Franchise rights

Franchise fees represent amount paid or payable in respect of the new outlets opened. The franchise fees are capitalised and amortised on a straight line basis over the granted franchise rights periods of 4 years. The franchise fees are amortised from the effective date of franchise agreement.

(ii) Trademark

The cost of trademark acquired represents its fair value as at the date of acquisition. Following initial recognition, trademark is carried at cost less any accumulated impairment losses. Trademark, which is considered to have indefinite useful live, is not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful live of trademark is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(j) Property development

Property development is classified under two categories i.e. land held for property development and property development costs.

Land held for property development

Land held for property development is land on which development is not expected to be completed within the normal operating cycle. No significant development work would have been undertaken on the land. Accordingly, land held for property development is classified as a non-current asset. Land held for property development is measured at the lower of cost and net realisable value. Costs include incidental expenditure incurred to put the land in a condition ready for development.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property development (Cont'd)

Land held for property development (Cont'd)

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs (current asset).

Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

Property development costs are subsequently recognised as an expense in profit or loss when or as the entity's performance obligation is satisfied over time or at a point in time.

(k) Contract assets and contract liabilities

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

(l) Contract costs

Property development contracts costs

Represents development costs attributable to development unit that are sold at reporting date. The capitalised costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. Property development contracts costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

Pre-contract cost

The Group recognises pre-contract cost that relate directly to a contract or to an anticipated contract as an asset. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

(m) Provision for heavy repairs

Heavy repairs relate to repair of bridges, slopes and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the expressway.

Provision for heavy repairs, being the contractual obligations to maintain and restore the infrastructure to a specified standard of serviceability, is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of non-financial assets

Property, plant and equipment, concession assets, intangible assets and investments in subsidiaries and associate

Property, plant and equipment, concession assets, intangible assets and investments in subsidiaries and associate are assessed at the end of each reporting period to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(o) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

Subsequent measurement (Cont'd)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners: (Cont'd)

- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or

- at fair value through profit or loss ("FVTPL").

All of the financial assets of the Group and of the Company are measured at amortised cost and FVTPL.

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Impairment of financial assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

Impairment of financial assets (Cont'd)

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

All the financial liabilities of the Group and of the Company are measured at amortised cost.

Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Financial instruments (Cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity instrument

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

(q) Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Construction contracts and property development

Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition (Cont'd)

Construction contracts and property development (Cont'd)

Revenue from sales of completed properties is recognised when the control of the properties are transferred to the buyers.

Project management fee

Revenue from project management services is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from project management services is recognised using an input method to measure progress towards complete satisfaction of the services.

Toll revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressway.

Toll compensation

Pursuant to Concession Agreement, the Government of Malaysia ("Government") reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the Group for any deduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation for any concession year is recognised in the financial statements as revenue when recovery is probable and the amount that is recoverable can be measured reliably.

Renewable energy income

Energy fee derived from the conversion into electricity of renewable energy resources is recognised as revenue upon actual delivery of such converted energy.

Sales of food and beverage

Revenue from sales of food and beverage is recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

Other income is recognised as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(r) Employee benefits

(i) Short term employee benefits

Salaries, wages, bonuses, allowances, paid annual leave and paid sick leave are recognised as an expense in the period in which the services are rendered by employees.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss in the period to which they relate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Employee benefits (Cont'd)

(iii) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(iv) Employees' share option scheme ("ESOS")

The ESOS, an equity-settled, share-based compensation plan, allows the Group's employees and directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the trinomial model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

The fair value of the share option recognised in the share option reserve is transferred to share capital when the share options are exercised, or transferred to retained earnings upon expiry of the share options.

The proceeds received net of any direct attributable transaction costs are credited to equity when the options are exercised.

(s) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred; and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

(t) Taxation

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Taxation (Cont'd)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and other short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and designated bank account pledged.

(v) Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one of more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(x) Government grant

Government grants shall not be recognised until there is reasonable assurance that: (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

(y) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities (if any) at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group and the Company determine whether a property qualifies as an investment property, and have developed certain criteria based on MFRS 140 Investment Property in making that judgement.

In making its judgement, the Group and the Company consider whether a property generates cash flows largely independently of other assets held by the Group and by the Company. Owner-occupied properties generate cash flows that are attributable not only to the properties, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company account for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Revenue recognition of construction contracts

The Group and the Company recognise revenue from construction contracts based on the percentage of completion method. The percentage of completion of the construction contracts is measured in accordance with the accounting policies set out in note 3(q).

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and the work of specialists.

Revenue recognition of property development activities

The Group recognises revenue from property development activities based on the percentage of completion method. The percentage of completion of the property development activities is measured in accordance with the accounting policies set out in note 3(q).

Significant judgement is required in determining the percentage of completion, the extent of the development project costs incurred, the estimated total revenue and total costs and the recoverability of the development project. In making these judgements, management relies on past experience and the work of specialists.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Depreciation and impairment of property, plant and equipment

The Group and the Company review the estimated useful lives of property, plant and equipment at the end of each reporting period. Changes in the expected useful lives of property, plant and equipment could impact future depreciation charges.

Property, plant and equipment are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the property, plant and equipment or the related cash generating unit.

Fair value of investment properties

The Group and the Company measure their investment properties at fair value with any change in fair value recognised in the profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group and the Company evaluate based on past experience and reliance on the work of specialists. The Group and the Company engage an independent professional valuer to determine the fair value on an open market value basis using comparison method.

Information regarding the valuation techniques and inputs used in determining the fair value is disclosed in note 6 to the financial statements.

Amortisation and impairment of concession assets

The carrying amount of concession assets is amortised over the concession period by applying the formula in note 3(e). The denominator of the formula includes projected total traffic volume for subsequent years to the end of the concession period and is based on the latest available base case traffic volume projection prepared by independent traffic consultants. The assumptions to arrive at the traffic volume projection take into consideration the growth rate based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges.

The Group assesses at the end of each reporting period whether there is any indicator that the concession assets are impaired. If such an indication exists, an estimation of the recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows generated from the concession assets discounted at a suitable discount rate in order to calculate the present value of those cash flows.

Measurement of impairment loss on investments in subsidiaries and associate

Investments in subsidiaries and associate are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the investment's recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the Company's investments in subsidiaries and associate and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement, is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Determining the loss allowance for trade receivables and contract assets

Management assesses the ECL for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.

The ECL on trade receivables and contract assets as at current reporting date is primarily mainly based upon the historical credit loss experience. The carrying amount of trade receivables and contract assets are disclosed in notes 13, 15 and 18 to the financial statements.

Determining the loss allowance for non-trade receivables

Management assesses the ECL of receivables (other than trade receivables and lease receivables) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

The carrying amount of these receivables is disclosed in notes 13 and 18 to the financial statements.

Provision for heavy repairs

Provision for heavy repairs is recognised based on the future heavy repairs expenditure expected to be incurred over the concession period. Judgement and estimation are involved in determining the timing and amounts of future expenditure taking into consideration factors such as usage of expressway, technology changes, inflation and etc.

Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Cost	Freehold land and buildings RM'000	Equipment, plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Capita work-in-progress RM'000	Total RM'000
At 1 July 2018	28,301	49,471	35,673	9,277	3,496	-	-	126,218
Additions	-	2,848	3,230	2,668	1,558	5,505	475	16,284
Transfer from property development costs (Note 17)	-	-	-	-	-	-	59,765	59,765
Disposals	-	-	(2,113)	(17)	-	-	-	(2,130)
Write-offs	-	(160)	(399)	(328)	(267)	-	-	(1,154)
At 30 June 2019	28,301	52,159	36,391	11,600	4,787	5,505	60,240	198,983
Accumulated depreciation								
At 1 July 2018	1,097	27,044	18,114	7,055	2,660	-	-	55,970
Charge for the year	151	7,712	2,038	1,370	301	285	-	11,857
Disposals	-	-	(1,984)	(17)	-	-	-	(2,001)
Write-offs	-	(120)	(60)	(318)	(267)	-	-	(765)
At 30 June 2019	1,248	34,636	18,108	8,090	2,694	285	-	65,061
Net carrying amount								
At 30 June 2019	27,053	17,523	18,283	3,510	2,093	5,220	60,240	133,922

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2018 Cost	Freehold land and buildings RM'000	Equipment, plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
At 1 July 2017	28,301	38,739	32,238	8,397	3,267	110,942
Additions	-	11,143	5,426	1,197	229	17,995
Disposals	-	(411)	(1,991)	-	-	(2,402)
Write-offs	-	-	-	(317)	-	(317)
At 30 June 2018	28,301	49,471	35,673	9,277	3,496	126,218
Accumulated depreciation						
At 1 July 2017	946	19,751	17,057	6,306	2,465	46,525
Charge for the year	151	7,704	2,134	992	195	11,176
Disposals	-	(411)	(1,077)	-	-	(1,488)
Write-offs	-	-	-	(243)	-	(243)
At 30 June 2018	1,097	27,044	18,114	7,055	2,660	55,970
Net carrying amount						
At 30 June 2018	27,204	22,427	17,559	2,222	836	70,248

Company 2019 Cost	Equipment, plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
At 1 July 2018	6,016	12,160	2,911	2,119	23,206
Additions	113	364	-	-	477
Disposals	-	(1,181)	-	-	(1,181)
At 30 June 2019	6,129	11,343	2,911	2,119	22,502
Accumulated depreciation					
At 1 July 2018	6,007	8,438	2,845	1,967	19,257
Charge for the year	25	1	17	45	88
Disposals	-	(801)	-	-	(801)
At 30 June 2019	6,032	7,638	2,862	2,012	18,544
Net carrying amount					
At 30 June 2019	97	3,705	49	107	3,958

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2018 Cost	Equipment, plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
At 1 July 2017	6,416	12,055	2,911	2,119	23,501
Additions	11	584	-	-	595
Disposals	(411)	(479)	-	-	(890)
At 30 June 2018	6,016	12,160	2,911	2,119	23,206
Accumulated depreciation					
At 1 July 2017	6,416	8,548	2,825	1,916	19,705
Charge for the year	2	162	20	51	235
Disposals	(411)	(272)	-	-	(683)
At 30 June 2018	6,007	8,438	2,845	1,967	19,257
Net carrying amount					
At 30 June 2018	9	3,722	66	152	3,949

(a) Details of freehold land and buildings are as follows:

Group	Cost 30.6.2019 RM'000	Accumulated depreciation 30.6.2019 RM'000	Net carrying amount 30.6.2019 RM'000	Net carrying amount 30.6.2018 RM'000	Net carrying amount 1.7.2017 RM'000
Freehold					
- land	20,734	-	20,734	20,734	20,734
- buildings	7,567	(1,248)	6,319	6,470	6,621
	28,301	(1,248)	27,053	27,204	27,355

(b) Included in the cost of property, plant and equipment are fully depreciated property, plant and equipment to their residual values, as follows:

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Equipment, plant and machinery	9,126	7,326	7,721
Motor vehicles	12,530	14,976	15,232
Office equipment	4,464	4,260	4,243
Furniture and fittings	1,701	1,854	1,854
	27,821	28,416	29,050

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Included in the cost of property, plant and equipment are fully depreciated property, plant and equipment to their residual values, as follows: (Cont'd)

Company	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Equipment, plant and machinery	6,129	6,005	6,416
Motor vehicles	9,965	11,137	11,195
Office equipment	2,753	2,749	2,744
Furniture and fittings	1,653	1,606	1,606
	20,500	21,497	21,961

(c) Included in the net carrying amounts of property, plant and equipment are the following:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Group			
Motor vehicles acquired under hire purchase	11,188	10,705	9,293
Company			
Motor vehicles acquired under hire purchase	2,104	1,899	1,549
Group			
Property, plant and equipment charged to a licensed bank for IMTN as disclosed in note 26(a)	1,067	1,320	1,603

6. INVESTMENT PROPERTIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 July	569,803	413,411	23,438	22,443
Additions	93,557	144,170	7	-
Borrowing cost capitalised	-	8,036	-	-
Transfer from property development costs (Note 17)	20,906	-	-	-
Disposal	(1,280)	-	-	-
Changes in fair value	36,574	4,186	-	995
At 30 June	719,560	569,803	23,445	23,438

6. INVESTMENT PROPERTIES (CONT'D)

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Investment properties comprise:			
At fair value			
- Freehold land and commercial buildings/apartments	704,460	294,479	289,790
- Long term leasehold land and buildings/apartments	15,100	9,865	4,600
	719,560	304,344	294,390
At cost			
- Construction in progress	-	265,459	119,021
	719,560	569,803	413,411
Company			
Investment properties comprise:			
At fair value			
- Freehold land and commercial buildings/apartments	23,445	23,438	22,443

Freehold land and commercial buildings/apartments with carrying value of RM227,404,000 (30.6.2018: RM227,485,000; 1.7.2017: RM227,485,000) are charged to licensed banks for banking facilities granted to the Group as disclosed in notes 25 and 32 to the financial statements.

The fair values of the investment properties are arrived at by reference to valuations by registered independent valuer having appropriate recognised professional qualifications.

The Group's and the Company's investment properties are stated at fair value, representing open-market value, under comparison and investment method, determined by the directors based on independent external valuers' advice.

The following assumptions have been applied in the valuation:

(i) The comparison method entails critical analyses of recent evidence of values of comparable properties in the nearby location, and where necessary, adjusting for differences, such as tenure, location, development concept, and size, among others.

(ii) The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The fair value of investment properties classified under level 2 was determined using comparison method, and level 3 was determined using cost or investment method.

There is no transfer between levels of fair value hierarchy during the financial year.

The fair value hierarchy of the investment properties is as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.6.2019				
- Freehold land and commercial buildings/apartments	-	304,460	400,000	704,460
- Long term leasehold land and buildings/apartments	-	15,100	-	15,100
	-	319,560	400,000	719,560

6. INVESTMENT PROPERTIES (CONT'D)

The fair value hierarchy of the investment properties is as follows: (Cont'd)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.6.2018				
- Freehold land and commercial buildings/apartments	-	294,479	-	294,479
- Long term leasehold land and buildings/apartments	-	9,865	-	9,865
	-	304,344	-	304,344
1.7.2017				
- Freehold land and commercial buildings/apartments	-	289,790	-	289,790
- Long term leasehold land and buildings/apartments	-	4,600	-	4,600
	-	294,390	-	294,390
Company				
30.6.2019				
- Freehold land and commercial buildings/apartments	-	23,445	-	23,445
30.6.2018				
- Freehold land and commercial buildings/apartments	-	23,438	-	23,438
1.7.2017				
- Freehold land and commercial buildings/apartments	-	22,443	-	22,443

Details of level 3 fair value measurements are as follows:-

Key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Investment method which capitalises the actual or estimated rental income stream, net of projected operating costs, using a discount rate derived from capitalisation rate	Discount rate of 5.50% to 6.00%	The higher the discount rate, the lower the fair value
	Voids allowance at 5%	The higher the voids allowance, the lower the fair value

7. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2019	Freehold/ Leasehold land at cost RM'000	Development costs at cost RM'000	Total RM'000
At 1 July 2018	306,093	53,603	359,696
Additions	142,829	5,103	147,932
At 30 June 2019	448,922	58,706	507,628
2018			
At 1 July 2017	184,628	33,874	218,502
Additions	121,465	20,733	142,198
Write-offs	-	(1,004)	(1,004)
At 30 June 2018	306,093	53,603	359,696

Land held for property development of the Group with carrying amount of RM192,968,000 (30.6.2018: RM149,419,000; 1.7.2017: RM90,595,000) has been charged to licensed banks for banking facilities granted to the Group as disclosed in notes 25 and 32 to the financial statements.

8. CONCESSION ASSETS

	Completed	← Under development →		
Group 2019	**Expressway RM'000**	**Expressways RM'000**	**Park and ride building RM'000**	**Total RM'000**
Cost				
At 1 July 2018	2,883,146	932,773	72,636	3,888,555
Additions	90	750,139	-	750,229
Net borrowing costs capitalised	-	127,802	-	127,802
At 30 June 2019	2,883,236	1,810,714	72,636	4,766,586
Accumulated amortisation				
At 1 July 2018	59,614	-	-	59,614
Charge for the year	24,599	-	-	24,599
At 30 June 2019	84,213	-	-	84,213
Net carrying amount				
At 30 June 2019	2,799,023	1,810,714	72,636	4,682,373

8. CONCESSION ASSETS (CONT'D)

Group 2018	Completed Expressway RM'000	Under development Expressways RM'000	Under development Park and ride building RM'000	Total RM'000
Cost				
At 1 July 2017	1,484,196	1,692,794	38,040	3,215,030
Additions	-	518,449	34,596	553,045
Net borrowing costs capitalised	-	120,480	-	120,480
Reclassification	1,398,950	(1,398,950)	-	-
At 30 June 2018	2,883,146	932,773	72,636	3,888,555
Accumulated amortisation				
At 1 July 2017	35,369	-	-	35,369
Charge for the year	24,245	-	-	24,245
At 30 June 2018	59,614	-	-	59,614
Net carrying amount				
At 30 June 2018	2,823,532	932,773	72,636	3,828,941

Concession assets refer to development expenditures (including borrowing costs, net of interest income, relating to financing of the development) incurred in connection with the following concession agreements:

(a) The concession assets are related to a Concession Agreement ("CA") dated 12 August 2004 entered into between Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi"), a 60%-owned subsidiary of the Company and the Government whereby the Government granted Kesturi the right and authority to undertake the design, construction, operation, management and maintenance of the Duta-Ulu Kelang Expressway ("DUKE Project") commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. The concession period was for a period of 34 years which commenced from 11 August 2005.

DUKE Project was completed on April 2009 and toll collections commenced on May 2009.

(b) On 3 December 2012, Kesturi entered into a Supplemental Concession Agreement ("SCA") with the Government in relation to the extension of the DUKE Project ("DUKE Phase-2"). The DUKE Phase-2 commences from Menjalara Interchange at Bandar Menjalara to Segambut Interchange ("Sri Damansara Link") and Jalan Tun Razak near Kuala Lumpur Hospital/Institut Jantung Negara to Jalan Gombak ("Tun Razak Link") and includes construction of Park and Ride buildings.

The concession period for the entire DUKE Project and DUKE Phase-2, including the Park and Ride buildings, under the SCA is for a period of 54 years commencing from the effective date, 11 August 2005 and shall, subject to terms and conditions of the SCA, be extended for a further period of 10 years.

DUKE Phase-2, Tun Razak Link and Sri Damansara Link were completed on 29 September 2017 and 23 October 2017, respectively. The Park and Ride buildings are still under construction.

8. CONCESSION ASSETS (CONT'D)

Concession assets refer to development expenditures (including borrowing costs, net of interest income, relating to financing of the development) incurred in connection with the following concession agreements: (Cont'd)

(c) On 11 January 2016, Lebuhraya Duke Fasa 3 Sdn Bhd ("LDF3"), a wholly-owned subsidiary of the Company entered into a separate CA with the Government whereby the Government granted LDF3 the right and authority to undertake the design, construction, operation, management and maintenance of the Setiawangsa-Pantai Expressway ("SPE Project") commences from Jalan Kerinchi to Taman Melawati. The concession period was for a period of 53.5 years which commenced from 5 August 2016 and shall, subject to terms and conditions of the CA, be extended for a further period of 6.5 years.

Upon expiry of the concession period, the Group shall hand over the concession assets to the Government in a well-maintained condition and make good any defects at the Group's own expenses within twelve months after the date of handing over.

The concession assets are charged as security for the borrowings as disclosed in notes 26(a), 26(c) and 27 to the financial statements.

9. INTANGIBLE ASSETS

Group 2019	Franchise rights RM'000	Trademark RM'000	Total RM'000
Cost			
At 1 July 2018	-	-	-
Additions	312	6,180	6,492
At 30 June 2019	312	6,180	6,492
Accumulated amortisation			
At 1 July 2018	-	-	-
Charged for the year	39	-	39
At 30 June 2019	39	-	39
Net carrying amount At 30 June 2019	273	6,180	6,453

There are no intangible assets of the Group and of the Company in the prior years.

Franchise rights are rights granted to Group for their operation of restaurant business.

Trademark relates to the intellectual property acquired by the Group during the year.

10. INVESTMENTS IN SUBSIDIARIES

	Company 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Unquoted shares, at cost	365,254	365,254	365,254
Unquoted redeemable preference shares, at cost	1,067,693	1,067,693	995,693
Less: Accumulated impairment losses	(6,725)	(6,725)	(6,725)
	1,426,222	1,426,222	1,354,222
Capital contributions	11,159	11,159	11,159
	1,437,381	1,437,381	1,365,381

The capital contributions are for subsidiaries' capital expenditures and working capital purposes, which are treated as quasi-equity. The capital contributions have no fixed term of repayment and repayable at the discretion of the subsidiaries.

The subsidiaries, which are all incorporated in Malaysia, are as follows:

	Effective equity 2019 %	interest 2018 %	Principal activities
Ekovest Energy Sdn Bhd	100	100	Investment holding and renewable energy activity
Ekofield Danga Cove Sdn Bhd	50	50	Inactive
Ekofield Projects Sdn Bhd	50	50	Inactive
Ekofield Property Sdn Bhd	50	50	Inactive
Ekovest Brunsfield Holdings Sdn Bhd	50	50	Investment holding
Ekovest Construction Sdn Bhd	100	100	Civil engineering and building works
Ekovest-Faber Sdn Bhd	60	60	Inactive
Ekovest Land Sdn Bhd	100	100	Property development
Ekoriver Construction Sdn Bhd	100	100	Civil engineering and building works
KL Bund Sdn Bhd	100	100	Project coordinator and manager for 'River of Life' project
Ekovest Oil & Gas Sdn Bhd	51	51	Inactive
Ekovest Project Management Sdn Bhd	100	100	Project management for construction works
Ekovest Properties Sdn Bhd	100	100	Property development
Ekovest World Sdn Bhd	100	100	Property development
Heritage Reno Sdn Bhd	100	100	Property investment
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi")	60	60	Design, construction, operation, management and maintenance of the Duta-Ulu Kelang Expressway
Milan Energy Sdn Bhd	100	100	Property investment
Milan Prestasi Sdn Bhd	100	100	Property investment
Ekovest Asset Management Sdn Bhd	100	100	Inactive
Milan Resources Sdn Bhd	100	100	Investment holding
Nuzen Corporation Sdn Bhd	100	100	Investment holding
Ekovest Capital Sdn Bhd	100	100	Property development and property investment
Saujarena Bina Sdn Bhd	100	100	Property investment
Sunview Capital Sdn Bhd	100	100	Property investment
Temasek Megamas Sdn Bhd	100	100	Property investment

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries, which are all incorporated in Malaysia, are as follows: (Cont'd)

	Effective equity 2019 %	interest 2018 %	Principal activities
Timur Terang Sdn Bhd	100	100	Property investment
Tanahmas Kapital Sdn Bhd	100	100	Property development
KL Rivercity Sdn Bhd	100	100	Inactive
DUKE Hotels Sdn Bhd	100	-	Hotel operator
DUKE Dinings Sdn Bhd	100	-	Investment holding
The Loaf Asia Sdn Bhd (formerly known as Sinarmega Kapital Sdn Bhd)	70	-	Restaurant operator
Xindauji (M) Sdn Bhd (formerly known as Gama Mewah Sdn Bhd)	100	-	Restaurant operator
Wira Kristal Sdn Bhd	100	100	Investment holding
Ekovest Park & Ride Sdn Bhd	100	100	Construction, operation, management and maintenance of park and ride building
Duke Development Sdn Bhd	100	100	Inactive
Lebuhraya Duke Fasa 3 Sdn Bhd	100	100	Design, construction, operation, management and maintenance of the Setiawangsa-Pantai Expressway
Lebuhraya Duke Fasa 2A Sdn Bhd	70	70	Inactive

Subsidiary that has material non-controlling interests

Details of the Group's subsidiary that has material non-controlling interests at the end of the reporting period is as follows:

Name of subsidiary	Proportion of ownership interest held by non-controlling interests 2019 RM'000	2018 RM'000	Loss allocated to non-controlling interests * 2019 RM'000	2018 RM'000
Kesturi	40%	40%	5,054	4,004

Name of subsidiary	Carrying amount of non-controlling interests 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Kesturi	358,375	368,109	379,175

* Amounts before intra-group elimination.

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Subsidiary that has material non-controlling interests (Cont'd)

Summarised financial information of the Group's subsidiary that has material non-controlling interests (amounts before intra-group elimination) is as follows:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Kesturi			
Current assets	206,183	154,697	204,853
Non-current assets	2,464,228	2,486,140	2,419,233
Current liabilities	(30,035)	(9,182)	(23,969)
Non-current liabilities	(2,441,981)	(2,420,626)	(2,379,861)

	2019 RM'000	2018 RM'000
Revenue	176,091	204,661
Expenses	(188,725)	(214,671)
Loss for the year	(12,634)	(10,010)
Other comprehensive income	-	-
Total comprehensive loss for the year	(12,634)	(10,010)
Dividend paid to non-controlling interests	-	-
Net cash flows from operating activities	153,714	125,990
Net cash flows from investing activities	(41,783)	(12,530)
Net cash flows from financing activities	(109,941)	(111,265)
Net changes in cash and cash equivalents	1,990	2,195

The Group has assessed the remaining non-controlling interests in the subsidiaries of the Group and has determined that the remaining non-controlling interests are not individually material to the Group's financial position, performance and cash flows.

11. INVESTMENT IN AN ASSOCIATE

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Group			
Quoted shares, at cost	104,681	-	-
Group's share of post-acquisition reserves	(333)	-	-
	104,348	-	-
Market value of quoted shares	102,926	-	-
Company			
Quoted shares, at cost	104,681	-	-
Market value of quoted shares	102,926	-	-

The fair value of the quoted shares as at 30 June 2019 is RM102,926,000, based on the quoted market price at the reporting date included within level 1 of the fair value hierarchy.

11. INVESTMENT IN AN ASSOCIATE (CONT'D)

The associate, which is incorporated in Malaysia, is as follows:

	Effective equity 2019 %	interest 2018 %	Principal activities
PLS Plantations Berhad ("PLS") *	30	-	Investment holding, civil engineering and construction works

* Associate not audited by Mazars PLT.

The associate has a different financial year end from the Group. In applying the equity method of accounting, the audited financial statements of the associate for the financial year ended 31 March 2019 have been used, adjusted for any differences in accounting policy. There are no adjustments made for the associate's results between 1 April 2019 and 30 June 2019 as the effects are immaterial to the Group.

Summarised financial information of the associate as at 31 March 2019 is as follows:

PLS	RM'000
Current assets	24,478
Non-current assets	398,558
Current liabilities	(54,071)
Non-current liabilities	(128,539)
Revenue	66,329
Expenses	(87,826)
Loss for the year	(21,497)
Other comprehensive income	-
Total comprehensive loss for the year	(21,497)

Reconciliation of summarised financial information of the associate to the carrying amount of interest in associate is as follows:

PLS	30.6.2019 RM'000
Net assets	240,426
Proportion of ownership interest held by the Group	30.10%
Group's share of net assets	72,368
Goodwill	31,910
Adjustment to uniform accounting policy	70
Carrying amount of the Group's interest in the associate	104,348

The Group and the Company do not have any capital commitment of contingent liabilities in relation to its interest in the associate as at 30 June 2019.

11. INVESTMENT IN AN ASSOCIATE (CONT'D)

Reconciliation of summarised financial information of the associate to the carrying amount of interest in associate is as follows: (Cont'd)

As at 30 June 2019, the market value of PLS shares were below its carrying amount. Accordingly, the Company had undertaken an impairment test on the carrying amount of the investment in the associate. The recoverable amount was in excess of the carrying amount, no impairment is required.

12. OTHER INVESTMENT

Company	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Investment in Junior Bond, at amortised cost	276,811	258,399	238,487

The Company subscribed RM180 million Junior Bond from Kesturi.

The salient features of the Junior Bond are as follows:

(i) The Junior Bond has a tenure of 21 years from the date of issuance; and

(ii) The Junior Bond's coupon is calculated at a rate of 11.5% p.a., any interest on overdue and payable amount shall be payable at 1% p.a. plus the prescribed coupon of the Junior Bond.

The principal is receivable at the maturity date of the Junior Bond. The coupon payment will be paid semi-annually, commencing on 3 December 2019.

13. AMOUNTS OWING BY/TO SUBSIDIARIES

Amounts owing by subsidiaries included under non-current assets

The amounts owing by subsidiaries included under non-current assets represent unsecured advances which are interest-free and not receivable within the next 12 months.

Amounts owing by subsidiaries included under current assets

Company	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Trade accounts	88,000	-	104,083
Dividend receivable	-	-	15,000
Unsecured interest-free advances	486,116	171,438	312,067
	574,116	171,438	431,150

The trade accounts are expected to be settled within the normal credit periods.

The unsecured advances are receivable on demand.

Amounts owing to subsidiaries included under current liabilities

Company	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Trade accounts	877,434	442,621	299,832
Unsecured interest-free advances	39,160	148,546	326,058
	916,594	591,167	625,890

The trade accounts are expected to be settled within the normal credit periods.

The unsecured interest-free advances are repayable on demand.

The changes in amounts owing to subsidiaries are as follows:

	Company 2019 RM'000	2018 RM'000
At 1 July	148,546	326,058
Cash flows:		
Advances received	4,087	73,915
Repayment	(13,473)	(51,427)
Non-cash:		
Dividend receivable	(100,000)	(200,000)
At 30 June	39,160	148,546

14. DEFERRED TAX ASSETS

	Group	
	2019 RM'000	2018 RM'000 (Restated)
At 1 July	9,854	4,495
Recognised in profit or loss	3,309	5,359
At 30 June	13,163	9,854

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
The deferred tax assets comprise:			
Deductible temporary differences			
- difference between net carrying amount and tax written down value of property, plant and equipment	1,889	2,472	1,238
- unabsorbed tax losses	161	-	-
- unabsorbed capital allowance	7,167	-	-
- future deductible development costs	3,234	2,110	1,661
- deferred revenue	-	4,918	1,079
- provision of contract costs	-	320	319
- others	712	34	198
	13,163	9,854	4,495

The Group has recognised the deferred tax assets as it is probable that its existing businesses would generate sufficient taxable profit in the future against which the deferred tax assets can be utilised.

Deferred tax assets for the following temporary differences and unused tax credits are not recognised in the financial statements:

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Unabsorbed tax losses *	8,347	6,900	6,900
Unabsorbed capital allowance	166	-	-
Excess of capital allowance claimed over accumulated depreciation on property, plant and equipment	(145)	-	-
	8,368	6,900	6,900

* Pursuant to relevant tax regulations, the unabsorbed tax losses at the end of the reporting period will be expired within 7 years.

15. CONTRACT ASSETS/LIABILITIES

Group		30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Contract assets				
- Property development contracts	(a)	16,948	225,439	102,496
- Construction contracts	(b)	86,148	87,639	113,864
		103,096	313,078	216,360
Contract liabilities				
- Construction contracts	(b)	485	818	-
- Advances received from customers	(c)	20,051	20,000	25,016
		20,536	20,818	25,016
Company				
Contract assets				
- Construction contracts	(b)	198	-	-
Contract liabilities				
- Construction contracts	(b)	-	60,037	127,164

(a) Property development contracts

	Group 2019 RM'000	Group 2018 RM'000 (Restated)
At 1 July	225,439	102,496
Consideration payables to customers for penalty	23,795	21,768
Revenue recognised during the year	196,605	259,498
Progress billings issued during the year	(428,891)	(158,323)
At 30 June	16,948	225,439

Revenue relating to property development contracts is recognised over time, while the customers pay according to contractual milestones.

A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

15. CONTRACT ASSETS/LIABILITIES (CONT'D)

(b) Construction contracts

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
At 1 July	86,821	113,864	(60,037)	(127,164)
Revenue recognised during the year	194,861	109,631	911,701	584,021
Revenue recognised that was included in the contract liabilities at the beginning of the year	818	-	60,037	127,164
Progress billings issued during the year	(196,837)	(136,674)	(911,503)	(644,058)
At 30 June	85,663	86,821	198	(60,037)

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Represented by:			
Contract assets	86,148	87,639	113,864
Contract liabilities	(485)	(818)	-
	85,663	86,821	113,864
Company			
Represented by:			
Contract assets	198	-	-
Contract liabilities	-	(60,037)	(127,164)
	198	(60,037)	(127,164)

Revenue relating to construction contracts is recognised over time, while the customers pay according to contractual milestones.

A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

A contract liability is recognised upon collection of transaction price and being recognised as revenue over the period of the contract.

(c) Advances received from customers

Represents advances received from customers for the construction works yet to be performed at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

16. CONTRACT COSTS

Group		30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
- property development contracts costs	(a)	2,225	10,882	16,897
- pre-contract cost	(b)	2,216	19,108	15,105
		4,441	29,990	32,002

(a) Property development contracts costs

Group	2019 RM'000	2018 RM'000 (Restated)
At 1 July	10,882	16,897
Transfer from property development costs (Note 17)	145,466	169,119
Costs recognised as expenses in the current year (Note 34)	(154,123)	(175,134)
At 30 June	2,225	10,882

(b) Pre-contract cost

Group	2019 RM'000	2018 RM'000 (Restated)
At 1 July	19,108	15,105
Additions	670	4,003
Written off	(17,562)	-
At 30 June	2,216	19,108

17. PROPERTY DEVELOPMENT COSTS

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Freehold land, at cost	66,041	77,958
Development costs	315,933	167,403
At 1 July	381,974	245,361
Costs incurred during the year		
- Development costs	190,667	305,732
Transfer to property, plant and equipment (Note 5)	(59,765)	-
Transfer to investment properties (Note 6)	(20,906)	-
Transfer to contract costs (Note 16 (a))	(145,466)	(169,119)
At 30 June	346,504	381,974

Represents development costs attributable to development units that are unsold at reporting date. These costs are expected to be recovered and will be transferred to contract costs when the control of the development units is transferred to customers.

Development costs incurred during the financial year include capitalised borrowing costs amounting to RM1,402,000 (30.6.2018: RM5,030,000; 1.7.2017: RM9,676,000).

The freehold land is charged to licensed banks for banking facilities granted to the Group as disclosed in notes 25, 26(b) and 32 to the financial statements.

18. TRADE AND OTHER RECEIVABLES

Group	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Receivables from contracts with customers			
- third parties	69,531	49,185	65,222
- fund held by stakeholder	40,634	-	-
- related parties	18,972	22,075	28,467
Trade receivables	129,137	71,260	93,689
Other receivables	82,794	97,735	72,449
Amount owing by an associate	101	-	-
Amounts owing by related parties	23,512	21,490	17,265
Deferred consideration	-	-	198,180
Goods and Services Tax ("GST") recoverable	7,544	12,673	16,581
Prepayments	5,007	7,021	5,708
Deposits	8,745	19,723	19,685
	256,840	229,902	423,557

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Company	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Receivables from contracts with customers			
- third parties	8,106	8,111	8,108
- related parties	199	352	908
Trade receivables	8,305	8,463	9,016
Other receivables	136	1,209	1,627
Amount owing by an associate	101	-	-
Amounts owing by related parties	93	54	38
GST recoverable	3,502	4,639	10,617
Prepayments	739	3,514	-
Deposits	24	9	10
	12,900	17,888	21,308

Trade receivables comprise amounts receivable from progress billings made to customers on contract work performed, retention sums receivable and services rendered to customers. Customers are granted normal credit periods between 30 and 90 days and may be extended at the discretion of the management, while retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

Amounts owing by related parties represent amounts owing by companies in which certain directors have financial interests, which are unsecured, interest-free and receivable on demand. Included in the amounts owing by related parties is an amount of RM18,772,000 which will bear interest at 6% per annum with effect from 1 January 2019.

Amount owing by an associate represents rental receivable which is expected to be settled within the normal credit period.

Deferred consideration pertains to outstanding consideration receivable from the disposal of 40% interest in a subsidiary company which has been fully settled in the previous financial year.

GST recoverable pertains to net amount of GST recoverable from the Royal Malaysian Customs Department ("RMCD").

19. INVESTMENT FUNDS

Investment funds which are carried at fair value represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprises money market instruments.

The fair value of the investment funds at reporting date is measured at level 2 hierarchy, by reference to net asset value of the funds.

There is no transfer between levels of fair value hierarchy during the financial year.

The movements of the investment funds are as follows:

Group	2019 RM'000	2018 RM'000
At 1 July	3,183,782	3,945,318
Additions	475,264	219,601
Redemptions	(1,378,131)	(982,496)
Change in fair value	685	1,359
At 30 June	2,281,600	3,183,782

20. SHORT TERM DEPOSITS

The short term deposits are placed with licensed banks and earn interests between 2.30% and 4.20% (30.6.2018: 2.50% and 4.15%; 1.7.2017: 2.38% and 3.27%) per annum. The short term deposits have maturity periods of less than one year.

Included in short term deposits of the Group and of the Company are amount of RM2,000,000 and nil (30.6.2018: RM2,000,000 and nil; 1.7.2017: RM2,764,000 and RM764,000), which have been charged to banks as security for banking facilities granted to the Group as disclosed in notes 26(a) and 32(b) to the financial statements.

Included in short term deposits of the Group is an amount of RM154,646,000 (30.6.2018: RM149,756,000; 1.7.2017: Nil) maintained in Designated Account in accordance with the shareholders' agreement entered into between the Group and a minority shareholder of a subsidiary company on 13 February 2017 ("SHA").

The deposits maintained in the Designated Account can only be utilised by the Group upon fulfilment of certain terms and conditions stated in the SHA.

21. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM60,545,000 (30.6.2018: RM10,175,000; 1.7.2017: RM9,770,000) maintained in Housing Development Account ("HDA"). Withdrawals from the HDAs are restricted in accordance with the Housing Developers (Housing Development Account) Regulations, 1991.

Funds maintained in the HDAs earn interest at 1.95% (30.6.2018: 2.20% to 2.35%; 1.7.2017: 1.70% to 1.97%) per annum.

Included in cash and bank balances of the Group and of the Company are amounts of RM67,885,000 and RM14,129,000 (30.6.2018: RM206,366,000 and RM162,992,000; 1.7.2017: RM132,581,000 and RM70,936,000), respectively, maintained in Designated Bank Accounts for which utilisation is restricted for the payments of principal, and interest or future profits in respect of the bank term loans and medium term notes of the Group and of the Company.

Included in cash and bank balances of the Group is an amount of RM1,565,000 (30.6.2018: RM2,500,000; 1.7.2017: Nil) maintained in Designated Account in accordance with the SHA. The cash and bank balances maintained in Designated Account can only be utilised by the Group upon fulfilment of certain terms and conditions stated in the SHA.

22. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	Amount RM'000	Number of shares	Amount RM'000
Issued and fully paid:				
Ordinary shares				
At 1 July	2,139,202,893	755,593	2,139,202,893	428,115
Transfer from share premium pursuant to CA 2016	-	-	-	327,478
Share issuance expenses	-	(21)	-	-
Issued during the financial year, pursuant to:				
- exercise of warrants (Note 23 (b))	300,825,109	184,105	-	-
- private placement (Note 53 (ii))	214,800,000	178,284	-	-
At 30 June	2,654,828,002	1,117,961	2,139,202,893	755,593

23. RESERVES

(a) Asset revaluation reserve

The asset revaluation reserve relates to revaluation of property, plant and equipment prior to the reclassification as investment property.

(b) Warrant reserve

The fair value of warrant issued at grant date is credited to warrant reserve which is non-distributable. Warrant reserve is transferred to the share capital account upon the exercise of the warrants. Unexercised warrants at the expiry of the warrant period are transferred to retained earnings.

On 26 June 2014, the Company issued 122,206,980 free detachable warrants ("Warrants") pursuant to the Company's rights issue exercised. The Warrants were constituted by a Deed Poll dated 16 May 2014 ("Deed Poll").

232,300 Warrants were exercised in prior years to purchase new ordinary shares in the Company at exercise price of RM1.35.

On 28 February 2017, the original exercise price of the Warrants of RM1.35 each was revised to RM1.20 each, after the issuance of special single tier dividend. The exercise price of the Warrants was further revised to RM0.48 each, upon the share split exercise of the Company involving the subdivision of every 2 existing ordinary shares into 5 ordinary shares. The Company issued additional 182,962,017 Warrants pursuant to the alteration in the share capital of the Company as a result of the share split.

The movement of the Warrants is as follows:

	At 1-7-2018	Exercised	Lapsed	At 25-6-2019
Number of unexercised Warrants	304,936,697	(300,825,109)	(4,111,588)	-

During the financial year, there were 300,825,109 Warrants of the Company being exercised at RM0.48 per share and the remaining 4,111,588 unexercised Warrants were expired on 25 June 2019.

23. RESERVES (CONT'D)

(b) Warrant reserve (Cont'd)

The salient features of the Warrants are as follows:

(i) the issue date of the Warrants is 26 June 2014 and the expiry date is 25 June 2019. Any Warrants not exercised during the five years from the date of issuance of Warrants ("Exercise Period") will thereafter lapse and cease to be valid for any purpose;

(ii) each Warrant entitles the registered holder to subscribe for one Ekovest Share at an exercise price of RM1.35 and at any time during the Exercise Period indicated above, subject to adjustments in accordance with the provisions of the Deed Poll;

(iii) the exercise price of the Warrants has been fixed at RM1.35 per share. The exercise price and the number of Warrants in issue during the Exercise Period may also be adjusted in accordance with the terms and conditions set out in the Deed Poll;

(iv) the Warrants do not entitle the registered holders to any voting rights in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new Ekovest Shares;

(v) the new Ekovest Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new Ekovest Shares to be issued arising from the exercise of the Warrants;

(vi) the exercise price and/or the number of Warrants in issue may be subject to adjustments in the event of any alteration in the share capital of the Company at any time during the Exercise Period of the Warrants, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll; and

(vii) the Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

(c) Share option reserve

The Company's Employees' Share Option Scheme ("ESOS") is governed by the By-Laws which was approved by the shareholders at an Extraordinary General Meeting held on 8 May 2014. The ESOS was implemented on 26 September 2014 and is in force for a period of 5 years from the date of implementation, and may be further extended for a maximum period of 5 years at the absolute discretion of the Board of Directors. The ESOS is administered by the ESOS Committee which is appointed by the Board of Directors.

On 9 March 2017, the Company granted 120,330,000 options at an exercise price of RM1.30 per share under the ESOS, which will expire on 25 September 2019. The ESOS granted are vested immediately at grant date.

The movement of the ESOS is as follows:

	At 1-7-2018	Exercised	Lapsed	At 30-6-2019
Number of share option under ESOS	120,330,000	-	-	120,330,000

23. RESERVES (CONT'D)

(c) Share option reserve (Cont'd)

The fair value as at the grant date of share options was determined using the trinomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

	Inputs
Exercise price of option (RM)	1.30
Market price of share on offer date (RM)	1.29
Risk free interest rate (%)	3.43
Expected dividend yield (%)	1.56
Expected volatility (%)	21.16

24. HIRE PURCHASE LIABILITIES

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Outstanding hire purchase instalments due:			
- not later than one year	6,604	7,656	6,498
- later than one year but not later than five years	6,915	11,835	11,046
	13,519	19,491	17,544
Unexpired term charges	(898)	(2,199)	(1,549)
	12,621	17,292	15,995
Outstanding principal due:			
- not later than one year (included in current liabilities)	6,043	6,781	5,704
- later than one year but not later than five years	6,578	10,511	10,291
	12,621	17,292	15,995
Company			
Outstanding hire purchase instalments due:			
- not later than one year	259	188	461
- later than one year but not later than five years	422	376	300
	681	564	761
Unexpired term charges	(47)	(43)	(52)
	634	521	709
Outstanding principal due:			
- not later than one year (included in current liabilities)	235	165	437
- later than one year but not later than five years	399	356	272
	634	521	709

The effective interest rates of the hire purchase liabilities are between 2.44% and 5.63% (30.6.2018: 2.51% and 5.63%; 1.7.2017: 2.46% and 5.63%) per annum.

24. HIRE PURCHASE LIABILITIES (CONT'D)

The changes in hire purchase liabilities are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 July	17,292	15,995	521	709
Cash flows:				
Repayment of hire purchase	(7,240)	(7,086)	(209)	(493)
Payment of hire purchase term charges	(233)	(236)	(32)	(32)
Non-cash:				
Acquisition of plant and equipment (Note 44)	2,569	8,383	322	305
Hire purchase term charges	233	236	32	32
At 30 June	12,621	17,292	634	521

25. BANK TERM LOANS

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Bank term loan bearing interest rate at 0.75% above base lending rate [effective rate at Nil (30.6.2018: nil; 1.7.2017: 7.7%) p.a.]	-	-	2,236
Bank term loans bearing interest rates at 2.20% below base lending rate [effective rates between 4.52% and 4.77% (30.6.2018: 4.52% and 4.77%; 1.7.2017: 4.65% and 4.80%) p.a.]	11,344	11,986	12,615
Bank term loans bearing interest rates at 1.75% above cost of fund [effective rates between 5.80% and 5.83% (30.6.2018: 5.80% and 6.26% and 1.7.2017: 5.57% and 5.83%) p.a.]	129,271	187,885	185,113
Bank term loans bearing interest rates at 0.50% above base lending rate [effective rates between 7.22% and 7.75% (30.6.2018: 7.22% and 7.47%; 1.7.2017: 7.35% and 7.45%) p.a.]	67,331	39,329	22,369
Bank term loans bearing interest rates at 0.75% above base lending rate [effective rate between 7.22% and 7.47% (30.6.2018: 7.47% and 7.72%; 1.7.2017:7.47% and 7.70%)]	9,972	10,687	9,124
Bank term loan bearing interest rate at 2.00% above lender's effective cost of fund [effective rate between 5.59% and 6.26% (30.6.2018: 5.87% and 6.27%; 1.7.2017: 5.74% and 6.03%)]	121,414	395,282	453,832
	339,332	645,169	685,289
Repayments due within 12 months (included in current liabilities, Note 32)	(18,441)	(42,041)	(86,380)
Repayments due after 12 months	320,891	603,128	598,909

25. BANK TERM LOANS

Company	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Bank term loan bearing interest rate at 2.00% above lender's effective cost of fund [effective rate between 5.59% and 6.26% (30.6.2018: 5.87% and 6.27%; 1.7.2017: 5.50%)]	121,414	395,282	453,832
Repayments due within 12 months (included in current liabilities, Note 32)	-	-	(10,000)
Repayments due after 12 months	121,414	395,282	443,832

The bank term loans are secured by a first party legal charge over certain freehold land and buildings under investment properties, land held for property development and property development costs of the Group as disclosed in notes 6, 7 and 17 to the financial statements and charge over the Designated Bank Accounts and a deed of assignment of rental proceeds.

26. MEDIUM TERM NOTES

		Group		
		30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Islamic medium term notes - Kesturi	(a)	1,824,175	1,784,077	1,747,819
Medium term notes	(b)	18,749	34,973	34,929
Islamic medium term notes - LDF3	(c)	3,600,459	3,598,496	3,596,533
		5,443,383	5,417,546	5,379,281
Repayments due within 12 months		(38,749)	(16,215)	(18,371)
Repayments due after 12 months		5,404,634	5,401,331	5,360,910

(a) The amount represents Islamic medium term notes ("IMTN") issued by Kesturi, a 60%-owned subsidiary of the Company. Kesturi issued IMTN pursuant to the Sukuk issuance programme under the Shariah principle of Musyarakah. The IMTN with nominal value of RM2,300 million was constituted by a Trust Deed dated 20 November 2013 between Kesturi and the trustee for the holders of the IMTN.

The IMTN was issued in 15 tranches, with maturities commencing from 2019 to 2033. The profit payment is due every six months, commencing from the issue date of the relevant tranche of the IMTN. The weighted average effective profit payment rate is 4.78 % (30.6.2018: 4.78%; 1.7.2017: 4.78%).

(b) The amount represents medium term notes ("MTN") issued by Ekovest Land Sdn Bhd ("ELSB"), a wholly-owned subsidiary of the Company, in 3 tranches, which mature in 2020. The MTN is subject to coupon interest rate of 1.75% above cost of funds [effective interest rate of 5.60% (30.6.2018: 5.60%; 1.7.2017: 5.60%) per annum].

26. MEDIUM TERM NOTES (CONT'D)

(c) The amount represents IMTN issued by LDF3, a wholly-owned subsidiary of the Company. LDF3 issued IMTN pursuant to the Sukuk issuance programme under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah"). The IMTN with nominal value up to RM3.64 billion was constituted by a Trust Deed dated 23 August 2016 between LDF3 and the trustee for the holders of the IMTN.

The IMTN was issued in 16 tranches, with maturities commencing from 2024 to 2039. The profit payment is due every six months, commencing from the issue date of the relevant tranche of the IMTN. The weighted average effective profit payment rate is 6% (30.6.2018: 6%; 1.7.2017: 6%).

27. REIMBURSABLE INTEREST ASSISTANCE

On 19 December 2016, LDF3, a wholly-owned subsidiary of the Company, entered into Reimbursable Interest Assistance ("RIA") Agreement with the Government for RIA facility of up to RM560 million to pay part of the financing cost payable by LDF3 in relation to the construction of SPE Project.

During the year, LDF3 drawdown RM460 million (2018: RM100 million) from the RIA facility. RM460 million of the total drawdown of RM560 million bears interest at 2% per annum (2018 : interest-free). The repayment of the RIA commences on 23 August 2024, with 43 semi-annual instalments.

The fair value of the RIA is estimated using the prevailing market interest rate of 6% (2018: 6%) per annum for an equivalent borrowing. The difference between the proceeds received and the fair value of the RIA is recognised as deferred income in note 28 to financial statements

The RIA is secured by a debenture incorporating fixed and floating charges over all the LDF3's assets, rights, undertakings and interests, both present and future.

The change in RIA is as follows:

	Group	
	2019 RM'000	2018 RM'000
At 1 July	50,911	-
Cash flow:		
Proceeds received	460,000	100,000
Non-cash:		
Deferred income	(247,219)	(52,032)
Accretion of discount	6,316	2,943
At 30 June	270,008	50,911

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

28. DEFERRED INCOME

	Group	
	2019 RM'000	2018 RM'000
Government grant		
Cost		
At 1 July	52,032	-
Addition	247,219	52,032
At 30 June	299,251	52,032
Accumulated amortisation		
At 1 July	(2,943)	-
Charge for the year	(4,127)	(2,943)
At 30 June	(7,070)	(2,943)
Net carrying amount	292,181	49,089

Deferred income relates to government grant arising from RIA facility as disclosed in note 27 to the financial statements.

29. PROVISION FOR HEAVY REPAIRS

	Group	
	2019 RM'000	2018 RM'000
At 1 July	3,827	2,567
Provision during the year	2,192	1,445
Payment of maintenance cost	-	(185)
At 30 June	6,019	3,827

Provision for heavy repairs relates to expected future costs of repairs of bridges and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the highways and is provided based on past experience of the level of repair and level of usage of the highway. Assumptions used to calculate the provision for heavy repairs were based on projected traffic volume prepared by independent traffic consultants. The traffic volume projection is independently reviewed on a periodic basis.

30. DEFERRED TAX LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 July	221,962	210,456	568	503
Recognised in profit or loss	24,307	11,506	559	65
At 30 June	246,269	221,962	1,127	568

30. DEFERRED TAX LIABILITIES (CONT'D)

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
The deferred tax liabilities comprise:			
Taxable temporary differences			
- relating to revaluation of properties	26,811	11,763	11,554
- between net carrying amount and tax written down value of concession assets and property, plant and equipment	62,518	58,374	57,387
- relating to fair value adjustments on assets and liabilities of subsidiaries acquired	156,940	151,825	141,515
	246,269	221,962	210,456

Company	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
The deferred tax liabilities comprise:			
Taxable temporary differences			
- relating to revaluation of properties	1,002	501	452
- between net carrying amount and tax written down value of property, plant and equipment	125	67	51
	1,127	568	503

31. TRADE AND OTHER PAYABLES

Group	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Trade payables:			
- third parties	386,852	268,111	139,636
- related parties	27,363	35,710	14,088
Trade payables	414,215	303,821	153,724
Other payables	67,202	30,699	19,207
Amounts owing to related parties	560	1,253	347
GST payable	-	45	4,642
Deposits	11,674	3,368	355
Provision for liquidated and ascertained damages and buy back cost	940	42,405	20,962
Accruals	8,977	5,343	100,939
Profit elements payable on IMTNs	83,281	84,178	84,780
	586,849	471,112	384,956

Company	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Trade payables	131,236	71,860	7,860
Other payables	2,102	737	2,426
Amounts owing to related parties	-	-	66
Accruals	1,551	1,412	1,379
	134,889	74,009	11,731

31. TRADE AND OTHER PAYABLES (CONT'D)

Trade payables comprise amounts outstanding from trade purchases, sub-contractors claims on contract works performed and retention sums payable. The normal credit periods granted by trade suppliers and sub-contractors range from 30 to 90 days whereas retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

Amounts owing to related parties represent amounts owing to companies in which certain directors have financial interests, which are unsecured, interest-free and repayable on demand.

Accruals mainly consist of construction costs yet to be billed by sub-contractors.

GST payable pertains to net amount of GST payable to the RMCD.

The change in profit element payable on IMTNs are as follows:

	Group	
	2019 RM'000	2018 RM'000
At 1 July	84,178	84,780
Cash flow:		
Repayments of profit elements on IMTNs	(329,360)	(329,065)
Non-cash:		
Profit elements on IMTNs recognised	328,463	328,463
At 30 June	83,281	84,178

32. BANK BORROWINGS

Group	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Secured bank overdrafts bearing interest rates between 1.50% and 1.75% above base lending rate [effective rates between 7.47% and 8.64% (30.6.2018: 8.22% and 8.72%; 1.7.2017: 7.35% and 8.54%) p.a.]	21,362	32,813	42,348
Unsecured bank overdraft bearing interest rate at 1.50% above base lending rate [effective rate at 8.22% (30.6.2018: 8.47%; 1.7.2017: 8.22%) p.a.]	1,058	968	1,479
	22,420	33,781	43,827
Secured revolving credits bearing interest rates between 1.25% and 1.60% above cost of funds [effective rates between 3.91% and 5.97% (30.6.2018: 3.83% and 5.97%; 1.7.2017: 3.76% and 5.41%) p.a.]	620,750	435,389	272,900
	643,170	469,170	316,727
Bank term loans (Note 25)	18,441	42,041	86,380
	661,611	511,211	403,107

32. BANK BORROWINGS (CONT'D)

Company	**30.6.2019 RM'000**	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Secured bank overdrafts bearing interest rates between 1.50% and 1.75% above base lending rate [effective rates between 8.15% and 8.64% (30.6.2018: 6.90% and 7.04%; 1.7.2017: 8.35% and 8.60%) p.a.]	8,387	14,921	11,286
Unsecured bank overdraft bearing interest rate at 1.50% above base lending rate [effective rate at 8.22% (30.6.2018: 6.97%; 1.7.2017: 8.22%) p.a.]	1,058	968	1,479
	9,445	15,889	12,765
Secured revolving credits bearing interest rates between 1.25% and 1.60% above cost of funds [effective rates between 3.91% and 5.88% (30.6.2018: 3.83% and 5.88%; 1.7.2017: 5.50%) p.a.]	314,000	232,240	134,000
	323,445	248,129	146,765
Bank term loans (Note 25)	-	-	10,000
	323,445	248,129	156,765

The bank overdrafts and revolving credits, where applicable, are secured as follows:

(a) a first party legal charge over the freehold land under investment properties, land held for property development and property development costs of the Group as disclosed in notes 6, 7 and 17 to the financial statements and a deed of assignment of rental proceeds from the land;

(b) short term deposits of the Group and of the Company as disclosed in note 20 to the financial statements;

(c) an irrevocable standby letter of credit in favour of the banks; and

(d) corporate guarantee by the Company.

The changes in revolving credits and bank term loans (included current and non-current liabilities, note 25) are as follows:

	Group		**Company**	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000 (Restated)**
At 1 July	1,080,558	958,189	627,522	587,832
Cash flows:				
Drawdown of bank borrowings	305,724	314,788	81,760	98,240
Repayment of bank borrowings	(429,283)	(192,419)	(276,000)	(60,000)
Interest paid	(47,332)	(49,054)	(29,242)	(28,912)
Non-cash:				
Interest expense	50,415	49,054	31,374	30,362
At 30 June	960,082	1,080,558	435,414	627,522

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

33. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
(i) Recognised over time				
- construction contract revenue	945,644	617,249	971,738	711,185
- property development revenue	196,605	259,498	-	-
- project management fee	708	11,414	-	-
(ii) Recognised at point in time				
- toll revenue	176,091	147,414	-	-
- renewable energy income	383	386	-	-
- food and beverages	2,188	-	-	-
	1,321,619	1,035,961	971,738	711,185
Hire of machineries and motor vehicles	117	112	117	112
Rental income from investment properties	13,442	794	259	248
Dividend income from subsidiaries	-	-	100,000	200,000
	1,335,178	1,036,867	1,072,114	911,545

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are, as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue recognised over time				
- within one year	2,073,986	1,090,083	883,578	971,738
- more than one year	632,517	2,708,380	619,660	1,503,238
	2,706,503	3,798,463	1,503,238	2,474,976

34. COST OF SALES

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Construction contract costs	664,151	455,301	930,486	695,864
Property development costs (Note 16 (a))	154,123	175,134	-	-
Project management costs	-	453	-	-
Toll operations costs	44,100	39,714	-	-
Renewable energy costs	206	222	-	-
Food and beverages	1,223	-	-	-
Hire of machineries and motor vehicles costs	73	106	73	106
Investment properties costs	15,022	380	217	231
	878,898	671,310	930,776	696,201

35. OTHER INCOME AND GAINS

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Amortisation of deferred income	4,127	2,943	-	-
Net gain on disposals of:				
- property, plant and equipment	41	7	-	-
- investment property	700	-	-	-
Net fair value gain on:				
- investment properties	36,574	4,186	-	995
- investment funds	685	1,359	-	-
Interest income from:				
- investment funds	101,516	125,637	-	-
- short term deposits	21,135	19,099	10,184	13,277
- unwinding of discount on Junior Bond	-	-	18,412	19,912
- subsidiary	-	-	723	705
Others	12,962	5,167	3	322
	177,740	158,398	29,322	35,211
Less: Interest income capitalised (Note 8)	(99,040)	(125,424)	-	-
	78,700	32,974	29,322	35,211

36. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finance costs on:				
- hire purchase	233	236	32	32
- bank borrowings	50,415	49,054	31,374	30,362
- bank overdraft	2,422	2,604	1,299	938
- medium term notes	372,580	363,776	-	-
- fair value loss on financial assets measured at amortised cost	-	-	20,089	44,183
- accretion of discount on RIA	6,316	2,943	-	-
- others	424	1,007	-	-
	432,390	419,620	52,794	75,515
Less: Amounts capitalised in:				
- investment properties (Note 6)	-	(8,036)	-	-
- concession assets (Note 8)	(226,842)	(245,904)	-	-
- property development costs (Note 17)	(1,402)	(5,030)	-	-
	204,146	160,650	52,794	75,515

37. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax is stated after charging:				
Auditors' remuneration				
- statutory audit	340	306	90	88
- non-statutory audit	43	141	5	100
Contract costs written off	17,562	-	-	-
Loss on disposal of property, plant and equipment	-	-	164	12
Operating lease				
- rental of premises	1,334	535	32	29
- rental of machinery	1,457	1,621	-	-
- rental of motor vehicles	740	1,089	285	5
Direct operating expenses of investment properties				
- revenue generating	9,426	136	45	48
- non-revenue generating	5,596	244	172	183

38. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Malaysian taxation				
- current	74,380	48,413	7,637	2,415
- deferred	20,303	8,235	559	14
	94,683	56,648	8,196	2,429
Under/(Over) estimated in prior years				
- current	444	(3,287)	(834)	(2,039)
- deferred	695	(2,088)	-	51
- real property gain tax ("RPGT")	-	(740)	-	-
	1,139	(6,115)	(834)	(1,988)
	95,822	50,533	7,362	441

38. TAX EXPENSE (CONT'D)

The reconciliations between the tax expense and the accounting profit excluding share of results of associate are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Accounting profit	226,599	164,921	96,833	153,651
Tax at the applicable tax rate of 24% (2018: 24%)	54,384	39,581	23,240	36,876
Tax effects of:				
- non-deductible expenses	41,976	28,327	14,552	20,010
- non-taxable income	(6,289)	(5,168)	(30,097)	(54,268)
Difference between corporate tax rate and RPGT rate applied in the computation of deferred tax on fair value gain on investment properties	(4,649)	(795)	-	(189)
Tax incentive	(3,970)	(5,297)	-	-
Increase in RPGT rate from 5% to 10%	11,763	-	501	-
Deferred tax assets not recognised	1,468	-	-	-
Under/(Over) estimated in prior years	1,139	(6,115)	(834)	(1,988)
Tax expense for the year	95,822	50,533	7,362	441

39. EARNINGS PER SHARE

	Group	
	2019	2018 (Restated)
Net profit attributable to the owners of the Company (RM'000)	140,476	125,454
Weighted average number of ordinary shares in issue after effect of share split (basic) ('000)	2,179,441	2,139,203
Effect of conversion of outstanding Warrants ('000)	-	166,852
Effect of conversion of outstanding ESOS*	-	-
Weighted average number of ordinary shares in issue (diluted) ('000)	2,179,441	2,306,055
Earnings per shares for net profit attributable to the owners of the Company		
- basic	6.45 sen	5.86 sen
- diluted	6.45 sen	5.44 sen

* The computation of diluted earnings per share does not assume the exercise of the Company's ESOS because the exercise prices of those ESOS were higher than the average market price for the Company's share during the financial year.

40. DIVIDEND

	Company	
	2019 RM'000	2018 RM'000
In respect of the financial year ended 30 June 2018:		
First and final single-tier dividend of 1 sen per ordinary share:		
- Payment in cash	21,392	-
In respect of the financial year ended 30 June 2017:		
First and final single-tier dividend of 2 sen per ordinary share:		
- Payment in cash	-	42,784
	21,392	42,784

The directors now propose a first and final single-tier dividend of 1 sen per ordinary share amounting to RM26,548,280 for the financial year ended 30 June 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the financial year ending 30 June 2020.

41. EMPLOYEES BENEFITS EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries, wages, allowances and bonuses	61,373	55,407	5,138	4,912
Defined contribution plan - EPF contributions	4,708	4,466	573	441
Social security costs	520	403	22	22
Other benefits expenses	761	850	163	156
	67,362	61,126	5,896	5,531

Employee benefits expense includes directors' remunerations as disclosed in note 43 to the financial statements.

42. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company, if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

Related parties also include key management personnel defined as these persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel's compensation is disclosed in note 43 to the financial statements.

42. RELATED PARTY DISCLOSURES (CONT'D)

The Group has related party relationship with the following companies, which are deemed related to the directors and major shareholders as follows:

(i) Knusford Berhad, Knusford Marketing Sdn Bhd, Knusford Equipment Sdn Bhd, Knusford Construction Sdn Bhd, Knusford Holdings Sdn Bhd, Radiant Seas Sdn Bhd, Knusford Project Management Sdn Bhd and D-Hill Sdn Bhd are deemed related to Tan Sri Dato' Lim Kang Hoo, Dato' Lim Hoe, Lim Chen Herng, Wong Khai Shiang and Lim Chen Thai; and

(ii) Danga Bay Sdn Bhd, Teras Hijaujaya Sdn Bhd, Iskandar Waterfront Sdn Bhd and Rampai Fokus Sdn Bhd are deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Datuk Seri Lim Keng Cheng, Dato' Lim Hoe, Lim Chen Herng, Wong Khai Shiang, Lim Ding Shyong and Lim Chen Thai; and

(iii) Astana Setia Sdn Bhd, Lim Seong Hai Lighting Sdn Bhd, and Besteel Engtech Sdn Bhd are deemed related to Tan Sri Datuk Seri Lim Keng Cheng and Lim Ding Shyong.

Significant transactions with related parties during the financial year were as follows:

(a) Transactions with companies in which certain directors have financial interests:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchases of building/construction materials	21,290	23,251	-	-
Rental expenses of machineries and motor vehicles	1,209	681	-	-
Rental expenses of premises	188	121	-	-
Purchase of property, plant and equipment	4	19	-	-
Purchase of investment property	-	5,000	-	-
Construction services received	200,207	79,360	-	-
Rental income of machineries and motor vehicles	4	107	-	107
Rental income of premises	511	233	249	212
Project management fee income	214	124	-	-
Settlement of debts via transfer of investment properties	3,808	-	-	-

Outstanding balances in respect of the above transactions are disclosed in notes 18 and 31 to the financial statements.

(b) Transactions with subsidiaries:

	Company	
	2019 RM'000	2018 RM'000
Progress billings for construction works billed to subsidiaries	913,233	636,041
Sub-contractor claims charged by subsidiaries	871,107	720,604
Interest income from a subsidiary	723	705

Outstanding balances in respect of the above transactions are disclosed in note 13 to the financial statements.

42. RELATED PARTY DISCLOSURES (CONT'D)

(c) Transaction with an associate:

	Company 2019 RM'000	Company 2018 RM'000
Rental income of machineries	126	-

Outstanding balance in respect of the above transaction is disclosed in note 18 to the financial statements.

43. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel refer to the Board of Directors of the Company, other key management personnel refer to the directors of subsidiary companies.

The remuneration paid/payable to the key management personnel during the financial year comprise:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Directors				
Short-term benefits				
- directors' fees	270	270	270	270
- other remunerations (salaries, allowances, bonuses, incentives and benefits-in-kind)	5,253	5,187	1,858	1,858
	5,523	5,457	2,128	2,128
Post-employment benefits				
- defined contribution plan	412	605	168	216
	5,935	6,062	2,296	2,344

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Other key management personnel				
Short-term benefits				
- other remunerations (salaries, allowances, bonuses, incentives and benefit-in-kind)	1,011	840	180	-
Post-employment benefits				
- defined contribution plan	91	82	22	-
	1,102	922	202	-

44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Aggregate cost of property, plant and equipment acquired	16,284	17,995	477	595
Financed via hire purchase	(2,569)	(8,383)	(322)	(305)
	13,715	9,612	155	290

45. CAPITAL COMMITMENT

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital expenditure in respect of:				
- concession assets, approved and contracted for	2,225,655	2,975,794	-	-
- purchase of land and investment properties, approved and contracted for	-	31,781	-	-

46. OPERATING LEASE COMMITMENT

The Group as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of within one to four years, with option to renew the leases after expiry dates.

The future minimum rental receivable under these operating leases at the reporting date is as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than one year	24,625	-
Later than one year but not later than five year	36,355	-
	60,980	-

The Group as lessee

The Group has entered into commercial leases on office premises, warehouse and shops. These non-cancellable leases have remaining lease terms of within one to four years, with option to renew the leases after expiry dates.

The future minimum rental payable under these operating leases at the reporting date is as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than one year	3,404	-
Later than one year but not later than five year	4,339	-
	7,743	-

47. CONTINGENT LIABILITIES

Litigation

A dispute has arisen between the Company and Shapadu Construction Sdn Bhd ("Shapadu") in respect of five (5) packages of sub-contract works under the New North Klang Straits Bypass Highway Project ("the Project"). The employer for the Project is Lebuhraya Shapadu Sdn Bhd ("Lebuhraya Shapadu"), the holding company of Shapadu.

On 1 August 2000, the Company issued a Notice to Arbitrate. An arbitrator was appointed and both the Company and Shapadu filed their respective claims and defence. The hearing for the arbitration has been adjourned to a date to be fixed.

The Company's claim against Shapadu are, inter alia, the following:

- the sum of RM29,558,721 on quantum meruit for its loss and damage due to the work carried out under the sub-contract; and/or alternatively

- the sum of RM7,459,356 being the value of the work done uncertified and the sum of RM8,217,961 being the amounts retained as retention monies in respect of work executed and value of goods and material delivered under the sub-contract.

Shapadu's counter claims against the Company are, inter alia, the following:

- the sum of RM33,010,000 allegedly being the liquidated ascertained damages ("LAD") due to Shapadu; or alternatively

- the sum of RM30,700,000 being LAD due to Lebuhraya Shapadu;

- the sum of RM2,008,869 as an indemnity for failure to carry-out and maintain the work;

- the sum of RM22,189,860 as an indemnity being the cost of completion;

- the sum of RM8,298,456 as indemnity being damages suffered by Lebuhraya Shapadu in completing the work; and

- the sum of RM2,006,101 as an indemnity being the loss and expense suffered by Lebuhraya Shapadu.

Since the Company has 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 and keep the Company indemnified against any losses or damages the Company may suffer in the event of Shapadu's counter claims being allowed by the court, the Company's directors are of the opinion that the financial impact on the Group is minimal.

The Company has sought legal advice in respect of the counter claims made by Shapadu and the Company's solicitors are of the opinion that the Company has reasonable prospects of defending the counter claims.

48. SEGMENT ANALYSIS

The Group's operating segment and reportable segments are business units engaging in providing different products and services.

There was no transaction with any single external customer which amounted to 10% or more of the Group's revenues for the current financial year (2018: none).

(a) Business segment

(i) Construction operations (civil engineering, building works, project management services and project coordinator)
(ii) Property development
(iii) Toll operations
(iv) Others (investment holding, renewable energy activity, property investment and sales of food and beverage)

Transactions between segments are eliminated on consolidation.

2019	Construction operations RM'000	Property development RM'000	Toll operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External sales	946,352	196,605	176,091	16,130	-	1,335,178
Inter-segment sales	1,314,065	-	-	-	(1,314,065)	-
	2,260,417	196,605	176,091	16,130	(1,314,065)	1,335,178
Results						
Segment results	381,418	35,006	145,314	10,197	(141,190)	430,745
Share of results of an associate						(333)
Finance costs						(204,146)
Profit before tax						226,266
Tax expense						(95,822)
Profit for the year						130,444
Other information						
Segment assets	5,180,390	676,460	8,198,109	1,173,646	(4,631,356)	10,597,249
Investment in an associate	-	-	-	104,348	-	104,348
Segment liabilities	3,241,935	945,282	6,893,586	428,128	(3,617,563)	7,891,368
Capital expenditures	12,489	64	247	151,188	(47,655)	116,333
Depreciation and amortisation	9,953	182	25,088	1,272	-	36,495

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

48. SEGMENT ANALYSIS (CONT'D)

(a) Business segment (Cont'd)

2018	Construction operations RM'000 (Restated)	Property development RM'000 (Restated)	Toll operations RM'000	Others RM'000	Elimination RM'000 (Restated)	Total RM'000 (Restated)
Revenue						
External sales	628,663	259,498	147,414	1,292	-	1,036,867
Inter-segment sales	1,243,526	-	-	-	(1,243,526)	-
	1,872,189	259,498	147,414	1,292	(1,243,526)	1,036,867
Results						
Segment results	358,673	54,043	122,087	44,850	(254,082)	325,571
Finance costs						(160,650)
Profit before tax						164,921
Tax expense						(50,533)
Profit for the year						114,388
Other information						
Segment assets	4,337,639	988,796	7,592,603	632,777	(3,803,964)	9,747,851
Segment liabilities	2,822,353	882,876	6,280,468	272,255	(2,888,616)	7,369,336
Capital expenditures	22,349	103,635	502	777	42,938	170,201
Depreciation and amortisation	10,158	214	24,721	328	-	35,421

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets.

(b) Geographical segment

The operations of the Group are entirely carried out in Malaysia.

49. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

30.6.2019 Group	FVTPL RM'000	At amortised cost RM'000	Total RM'000
Financial assets			
Trade and other receivables	-	244,289	244,289
Investment funds	2,281,600	-	2,281,600
Short term deposits	-	689,122	689,122
Cash and bank balances	-	830,048	830,048
Total financial assets	2,281,600	1,763,459	4,045,059

	At amortised cost RM'000
Financial liabilities	
Trade and other payables	586,849
Hire purchase liabilities	12,621
Medium term notes	5,443,383
RIA	270,008
Bank borrowings	982,502
Total financial liabilities	7,295,363

30.6.2018 Group	FVTPL RM'000	At amortised cost RM'000 (Restated)	Total RM'000 (Restated)
Financial assets			
Trade and other receivables	-	210,208	210,208
Investment funds	3,183,782	-	3,183,782
Short term deposits	-	456,131	456,131
Cash and bank balances	-	303,078	303,078
Total financial assets	3,183,782	969,417	4,153,199

	At amortised cost RM'000 (Restated)
Financial liabilities	
Trade and other payables	471,067
Hire purchase liabilities	17,292
Medium term notes	5,417,546
RIA	50,911
Bank borrowings	1,114,339
Total financial liabilities	7,071,155

49. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

1.7.2017 Group	FVTPL RM'000	At amortised cost RM'000 (Restated)	Total RM'000 (Restated)
Financial assets			
Trade and other receivables	-	401,268	401,268
Investment funds	3,945,318	-	3,945,318
Short term deposits	-	395,891	395,891
Cash and bank balances	-	212,733	212,733
Total financial assets	3,945,318	1,009,892	4,955,210

	At amortised cost RM'000 (Restated)
Financial liabilities	
Trade and other payables	380,314
Hire purchase liabilities	15,995
Medium term notes	5,379,281
Bank borrowings	1,002,016
Total financial liabilities	6,777,606

Company	At amortised cost 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Financial assets			
Other investment	276,811	258,399	238,487
Trade and other receivables	8,659	9,735	10,691
Amounts owing by subsidiaries	878,047	348,028	431,431
Short term deposits	213,510	300,382	320,068
Cash and bank balances	145,296	188,919	71,886
Total financial assets	1,522,323	1,105,463	1,072,563
Financial liabilities			
Trade and other payables	134,889	74,009	11,731
Amounts owing to subsidiaries	916,594	591,167	625,890
Hire purchase liabilities	634	521	709
Bank borrowings	444,859	643,411	600,597
Total financial liabilities	1,496,976	1,309,108	1,238,927

49. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values

The fair value of IMTN of the Group at the end of the financial period is approximately RM5,980 million (30.6.2018: RM6,176 million; 1.7.2017: RM6,285 million). The carrying amounts of other financial assets and liabilities as at the end of the financial reporting period approximate or were at their fair values due to the relatively short-term maturity or related interests are at market rate on these financial instruments.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective and policies are to minimise potential adverse effects on the financial performance of the Group and the Company and to create value and maximise returns to its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best performance, insurance programmes and adherence to financial risk management policies.

The Group and the Company have been financing their operations mainly from internally generated funds, issuance of medium term notes and bank borrowings. The Group and the Company do not find it necessary to enter into derivative transactions based on their current level of operations.

The management monitors the Group's and the Company's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group and the Company. There have been no significant changes on the Group's and the Company's exposure to financial risks from the previous year. Also, there have been no changes to the Group's and the Company's risk management objectives, policies and processes since the previous financial year end.

The Group's and the Company's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows:

(a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk relates the Group's and the Company's interest-bearing borrowings and medium term note.

Financial liabilities

The Group's and the Company's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate borrowings. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored so as to ensure that the Group's and the Company's financing costs are kept at the lowest possible. The Group and the Company do not generally hedge interest rate risks. Hedging of risk through the use of financial instruments may be adopted should its use result in significant cost savings. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

It is the Group's and the Company's policy not to trade in interest rate swap agreements.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings and medium term note of the Group and the Company as at 30 June 2019. If interest rates increase or decrease by 100 basis points with all other variable held constant, the Group and the Company profit after tax would decrease or increase by RM7,329,000 and RM3,381,000 (2018: RM7,636,000 and RM4,890,000), respectively, as a result of higher or lower interest expense on these borrowings.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Interest rate risk (Cont'd)

Financial liabilities (Cont'd)

For those interest expense incurred and capitalised as part of the expenditure on property development costs and investment properties during the financial year, if the interest rates were to increase or decrease by 100 basis points with all other variable held constant, the property development and investment properties costs of the Group would increase or decrease by amount totalling RM378,000 (2018: RM1,814,000).

(b) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group and the Company have a gain position.

The entire financial assets and contract assets of the Group and the Company are exposed to credit risk.

Trade receivables

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The Group and the Company have credit risk policies in place to manage credit risk exposure. The risk is managed through the application of the Group's and the Company's credit management procedures which include regular monitoring and follow up procedures.

An impairment analysis is performed at each reporting date to measure the expected credit losses. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Company carefully select the projects in which they intend to participate. The selection is based on criteria that are reviewed periodically to take into account developments in the market. The Group and the Company also manage their credit risk exposure by maintaining good business relationship with its customers and debtors. This approach has enabled the Group and the Company to manage their credit risk more effectively in addition to the above credit risk management procedures.

For other activities, the Group and the Company minimise and monitor their credit risks by dealing with credit worthy counterparties, setting credit limits on exposures, applying credit approval controls and obtaining collateral or security deposits where appropriate. Trade and financial receivables are monitored on an ongoing basis via group-wide management reporting procedures.

The aging analysis of receivables which are trade in nature is as follows:

	Group		Company	
30.6.2019	**Gross RM'000**	**Impairment RM'000**	**Gross RM'000**	**Impairment RM'000**
Not past due	76,015	-	88,016	-
1 to 30 days past due	14,602	-	16	-
31 to 60 days past due	1,058	-	16	-
61 to 120 days past due	2,769	-	32	-
More than 120 days past due	34,693	-	8,225	-
	129,137	-	96,305	-

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (Cont'd)

Trade receivables (Cont'd)

The aging analysis of receivables which are trade in nature is as follows: (Cont'd)

30.6.2018	Group		Company	
	Gross RM'000	Impairment RM'000	Gross RM'000	Impairment RM'000
Not past due	33,335	-	46	-
1 to 30 days past due	2,452	-	47	-
31 to 60 days past due	1,349	-	16	-
61 to 120 days past due	3,697	-	16	-
More than 120 days past due	30,427	-	8,338	-
	71,260	-	8,463	-

1.7.2017	Group		Company	
	Gross RM'000	Impairment RM'000	Gross RM'000	Impairment RM'000
Not past due	56,683	-	104,153	-
1 to 30 days past due	1,071	-	16	-
31 to 60 days past due	412	-	85	-
61 to 120 days past due	414	-	42	-
More than 120 days past due	35,109	-	8,803	-
	93,689	-	113,099	-

Trade receivables that are past due at the end of the financial year, for which the Group and the Company have not recognised any allowance for doubtful debts, have no significant changes in their credit quality and the directors consider the amounts as recoverable.

At end of the financial year, the Group and the Company have no significant concentration of credit risk related to its financial assets.

Contract assets

None of the contract assets at the reporting date is past due. Management does not expect any credit loss based on their assessment at the reporting date.

Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to subsidiaries. The maximum exposure to credit risk amounted to RM398,068,000 (30.6.2018: RM505,900,000; 1.7.2017: RM436,394,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in note 50(c) to the financial statements. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Credit risk (Cont'd)

Advances to subsidiaries

Exposure to credit risk arising from unsecured advances to subsidiaries is managed through credit evaluation and ongoing monitoring of credit quality of the subsidiaries.

Management assessed the credit risk in respect of advances to subsidiaries with reference to the financial capability and probability of default.

Management concluded that the credit risk in respect of advances to subsidiaries is considered low.

Cash and cash equivalents

With regard to surplus cash, the Group and the Company seek to invest their cash assets safely by depositing them with licensed financial institutions.

(c) Liquidity and cash flow risks

Liquidity and cash flow risks are the risk that the Group will not able to meet its financial obligations when they fall due.

The Group and the Company seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Besides maintaining an adequate current ratio, each business unit is required to submit cash flow projections to Group and Company management on a monthly basis. Each unit must seek to ensure that projected cash inflows from operating and non-operating activities (comprising undrawn borrowing facilities) adequately cover funding requirements of operating and non-operating outflows. At a minimum, all projected net borrowings should be covered. Also, debt maturities are closely monitored to ensure that the Group is able to meet its obligations as they fall due.

Daily bank balances are monitored and any excess funds are invested in short term deposits with licensed financial institutions at the most competitive interest rates obtainable.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity and cash flow risks (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows.

Group 30.6.2019	Carrying value RM'000	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Trade and other payables	586,849	586,849	-	-	586,849
Hire purchase liabilities	12,621	6,604	6,915	-	13,519
Medium term notes	5,443,383	349,455	1,915,904	8,126,702	10,392,061
RIA	270,008	-	-	739,450	739,450
Bank borrowings	982,502	712,762	317,190	82,482	1,112,434
	7,295,363	1,655,670	2,240,009	8,948,634	12,844,313

Group 30.6.2018	Carrying value RM'000 (Restated)	Less than 1 year RM'000 (Restated)	1 to 5 years RM'000 (Restated)	More than 5 years RM'000 (Restated)	Total RM'000 (Restated)
Trade and other payables	471,067	471,067	-	-	471,067
Hire purchase liabilities	17,292	7,656	11,835	-	19,491
Medium term notes	5,417,546	346,673	1,806,356	8,585,704	10,738,733
RIA	50,911	-	-	100,000	100,000
Bank borrowings	1,114,339	554,442	643,300	210,576	1,408,318
	7,071,155	1,379,838	2,461,491	8,896,280	12,737,609

Group 1.7.2017	Carrying value RM'000 (Restated)	Less than 1 year RM'000 (Restated)	1 to 5 years RM'000 (Restated)	More than 5 years RM'000 (Restated)	Total RM'000 (Restated)
Trade and other payables	380,314	380,314	-	-	380,314
Hire purchase liabilities	15,995	6,498	11,046	-	17,544
Medium term notes	5,379,281	348,451	1,613,602	9,105,313	11,067,366
Bank borrowings	1,002,016	405,321	640,204	224,640	1,270,165
	6,777,606	1,140,584	2,264,852	9,329,953	12,735,389

Company 30.6.2019	Carrying value RM'000	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Trade and other payables	134,889	134,889	-	134,889
Amounts owing to subsidiaries	916,594	916,594	-	916,594
Hire purchase liabilities	634	259	422	681
Bank borrowings	444,859	341,137	137,443	478,580
	1,496,976	1,392,879	137,865	1,530,744

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity and cash flow risks (Cont'd)

Company 30.6.2018	Carrying value RM'000	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Trade and other payables	74,009	74,009	-	74,009
Amounts owing to subsidiaries	591,167	591,167	-	591,167
Hire purchase liabilities	521	188	376	564
Bank borrowings	643,411	261,902	472,693	734,595
	1,309,108	927,266	473,069	1,400,335

Company 1.7.2017	Carrying value RM'000	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Trade and other payables	11,731	11,731	-	11,731
Amounts owing to subsidiaries	625,890	625,890	-	625,890
Hire purchase liabilities	709	461	300	761
Bank borrowings	600,597	157,315	477,000	634,315
	1,238,927	795,397	477,300	1,272,697

The table below summarised issued financial guarantee contracts of the Company, which represent the maximum amounts of the guarantees, and is allocated to the earliest period in which the guarantees could be called. However, based on circumstances at the end of the financial period, the directors do not foresee the guarantees will be called.

Company 30.6.2019	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial guarantee contracts	14,057	384,011	-	398,068
30.6.2018				
Financial guarantee contracts	279,328	128,380	98,192	505,900
1.7.2017				
Financial guarantee contracts	265,150	122,616	48,628	436,394

51. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital in ensuring the availability of funds for the day to day operation as well as future business requirement and to maintain investors, creditors and market confidence.

The board of directors monitors and determines a prudent level of total debt to total equity ratio to optimise shareholders value and to ensure compliance with covenants and regulatory requirements.

The Group have met the requirement of minimum finance service coverage ratio and debt-to-equity ratio of its subsidiaries, as at reporting date.

There were no changes made in the objectives and approach to the capital management during the financial year.

		Group	
	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Share capital	1,117,961	755,593	428,115
Reserves	1,334,119	1,254,744	1,499,552
Total equity	2,452,080	2,010,337	1,927,667
Medium term notes	5,443,383	5,417,546	5,379,281
Bank borrowings	982,502	1,114,339	1,002,016
Hire purchase liabilities	12,621	17,292	15,995
RIA	270,008	50,911	-
Total debts	6,708,514	6,600,088	6,397,292
Debt-to-equity ratio (times)	2.74	3.28	3.32

52. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

During the financial year, the Group acquired the following subsidiaries:

(i) On 4 September 2018, the Company incorporated a new wholly-owned subsidiary known as DUKE Dinings Sdn Bhd ("DUKE Dinings"), with RM2.

(ii) On 13 September 2018, DUKE Dinings acquired entire issued and paid-up share capital in Xindauji (M) Sdn Bhd ("Xindauji") (formerly known as Gama Mewah Sdn Bhd) for a total cash consideration of RM1. Subsequently, DUKE Dinings acquired 349,999 ordinary shares in Xindauji for a total cash consideration of RM349,999.

(iii) On 13 September 2018, DUKE Dinings acquired 1 ordinary share in The Loaf Asia Sdn Bhd ("The Loaf") (formerly known as Sinarmega Kapital Sdn Bhd) for a total cash consideration of RM1. Subsequently, The Loaf issued additional 6,999 ordinary shares to DUKE Dinings and 3,000 ordinary shares to a non-controlling interest at consideration of RM6,999 and RM3,000, respectively. As a result, The Loaf became a 70% owned subsidiary of the Group.

(iv) On 28 December 2018, Ekovest Capital Sdn Bhd ("Ekovest Capital") acquired 2 ordinary shares (representing 100% of the issued and paid-up capital) in DUKE Hotels Sdn Bhd ("DUKE Hotels") for a total cash consideration of RM2.

On 28 June 2019, Ekovest Capital has further subscribed for 1,000,000 ordinary shares and 56,500,000 redeemable preference shares in DUKE Hotels by way of capitalisation of amount owing by DUKE Hotels.

The acquisitions as stated above have no significant effect on the financial results of the Group in the current financial year and the financial position of the Group as at 30 June 2019.

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 12 March 2019, the Company has entered into conditional share purchase agreement with Serumpun Abadi Sdn Bhd for the acquisition of 23.42% equity interest in PLS, for a total consideration of RM76.5 million. The acquisition was completed on 18 March 2019. Subsequently, the Company further acquired additional shares in PLS, increasing the Group's stake to 30.10% as at 30 June 2019 for additional consideration of RM28.2 million.

(ii) On 23 April 2019, the Company undertook a private placement of up to 10% of total number of issued shares of the Company ("Placement Share"). On 30 April 2019, Bursa Malaysia Securities Berhad has approved the listing and quotation of 256,446,959 Placement Shares. On 16 May 2019, the Company completed the first tranche of the private placement comprising 214,800,000 Placement Shares at RM0.83 per share.

54. SUBSEQUENT EVENTS

(i) The outstanding 120,330,000 ESOS expired on 25 September 2019.

(ii) The Company acquired further additional 1,192,300 shares in PLS for a total consideration of RM1.155 million. As at 15 October 2019, the Group's stake in PLS increased to 30.44%.

55. ADOPTION OF MFRS

The Group and the Company adopted MFRS on 1 July 2018. The transition date to MFRS is 1 July 2017. The financial statements of the Group and of the Company for the financial year ended 30 June 2019 are the first sets of financial statements prepared in accordance with MFRS. The Group and the Company have applied the accounting policies consistently in the statements of financial position as at 1 July 2017 (date of transition) and throughout all financial years presented, as if these accounting policies had always been in effect. Accordingly, comparative figures in these financial statements have been restated to give effect to these changes.

In the preparation of the financial statements for the year ended 30 June 2019, the Group and the Company applied all relevant standards, amendments and interpretations that are effective mandatorily for the financial periods beginning on or after 1 July 2018. The Group and the Company applied MFRS 1 First-time Adoption of MFRS upon adoption of MFRS. In general, the principles and requirements of MFRS are applied retrospectively.

Key changes to accounting policies of the Group upon adoption of MFRS, are summarised below:

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces FRS 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.

The Group's and the Company's trade and other receivables and other financial assets previously classified as loans and receivables under FRS 139 and measured at amortised cost, meet the conditions to be classified as amortised cost under MFRS 9.

For financial liabilities, MFRS 9 retains most of the FRS 139 requirements which are generally consistent with the accounting policies of the Group in this respect.

MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under FRS 139), i.e. a loss event needs not occur before an impairment loss is recognised.

Upon the adoption of MFRS 9, the Group and the Company have revised their impairment methodology to include ECL based on an assessment of any significant increase in credit risk for financial assets measured at amortised cost, contract assets, lease receivables and financial guarantee contracts at the end of each reporting period.

55. ADOPTION OF MFRS (CONT'D)

MFRS 9 Financial Instruments (Cont'd)

No additional impairment losses on financial assets measured at amortised cost, contract assets, lease receivables and financial guarantee contracts are recognised at the end of reporting period as a result of the application of the ECL model.

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.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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.

The financial effects of the first time adoption of MFRS are disclosed as below:

Group

Impact on Consolidated Statement of Financial Position as at 1 July 2017

	Reported previously RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Deferred tax assets	8,447	(3,952)	4,495
Gross amount due from customers	129,226	(129,226)	-
Contract assets	-	216,360	216,360
Contract costs	-	32,002	32,002
Property development costs	260,908	(15,547)	245,361
Trade and other receivables	423,301	256	423,557
Accrued billings	94,115	(94,115)	-
Total assets	9,347,104	5,778	9,352,882
Reserves	1,493,774	5,778	1,499,522
Contract liabilities	-	25,016	25,016
Trade and other payables	409,972	(25,016)	384,956
Total equity and liabilities	9,347,104	5,778	9,352,882

55. ADOPTION OF MFRS (CONT'D)

The financial effects of the first time adoption of MFRS are disclosed as below: (Cont'd)

Group

Impact on Consolidated Statement of Financial Position as at 30 June 2018

	Reported previously RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Deferred tax assets	14,612	(4,758)	9,854
Gross amount due from customers	108,871	(108,871)	-
Contract assets	-	313,078	313,078
Contract costs	-	29,990	29,990
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)	-
Total assets	9,728,782	19,069	9,747,851
Reserves	1,237,761	16,983	1,254,744
Gross amount due to customers	818	(818)	-
Contract liabilities	-	20,818	20,818
Trade and other payables	489,026	(17,914)	471,112
Total equity and liabilities	9,728,782	19,069	9,747,851

Impact on Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2018

	Reported previously RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Revenue	1,051,907	(15,040)	1,036,867
Cost of sales	(678,598)	7,288	(671,310)
Other income and gains	33,132	(158)	32,974
Selling and marketing expenses	(4,151)	81	(4,070)
Administrative and general expenses	(83,833)	19,840	(63,993)
Tax expense	(49,727)	(806)	(50,533)
Net profit for the year	103,183	11,205	114,388

Impact on Consolidated Statement of Cash Flows for the Year Ended 30 June 2018

	Reported previously RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Profit before tax	152,910	12,011	164,921
Provision for liquidated and ascertained damages	19,357	2,086	21,443
Changes in property development costs	(118,200)	(13,383)	(131,583)
Changes in receivables	(98,407)	93,884	(4,523)
Changes in payables	62,767	4,306	67,073
Changes in contract assets/liabilities	-	(100,916)	(100,916)
Changes in contract cost	-	2,012	2,012

55. ADOPTION OF MFRS (CONT'D)

The financial effects of the first time adoption of MFRS are disclosed as below: (Cont'd)

Company

Impact on Statement of Financial Position as at 1 July 2017

	Reported previously RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Investments in subsidiaries	1,545,381	(180,000)	-	1,365,381
Other investment	-	238,487	-	238,487
Trade and other receivables	19,867	-	1,441	21,308
Total assets	2,414,872	58,487	1,441	2,474,800
Reserves	615,778	58,487	-	674,265
Gross amount due to customers	125,723	-	(125,723)	-
Contract liabilities	-	-	127,164	127,164
Total equity and liabilities	2,414,872	58,487	1,441	2,474,800

Impact on Statement of Financial Position as at 30 June 2018

	Reported previously RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Investments in subsidiaries	1,617,381	(180,000)	-	1,437,381
Other investment	-	258,399	-	258,399
Total assets	2,504,120	78,399	-	2,582,519
Reserves	378,814	78,399	-	457,213
Gross amount due to customers	60,037	-	(60,037)	-
Contract liabilities	-	-	60,037	60,037
Total equity and liabilities	2,504,120	78,399	-	2,582,519

Impact on Statement of Comprehensive Income for the Year Ended 30 June 2018

	Reported previously RM'000	Effects of adoption of MFRS 9 RM'000	Restated RM'000
Other income and gains	15,299	19,912	35,211
Net profit for the year	133,298	19,912	153,210

55. ADOPTION OF MFRS (CONT'D)

The financial effects of the first time adoption of MFRS are disclosed as below: (Cont'd)

Company

Impact on Statement of Cash Flows for the Year Ended 30 June 2018

	Reported previously RM'000	Effects of adoption of MFRS 9 RM'000	Effects of adoption of MFRS 15 RM'000	Restated RM'000
Profit before tax	133,739	19,912	-	153,651
Interest income	(13,982)	(19,912)	-	(33,894)
Changes in receivables	106,062	-	1,441	107,503
Changes in payables	139,381	-	65,686	205,067
Changes in contract assets/liabilities	-	-	(67,127)	(67,127)

56. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 15 October 2019.

STATEMENT BY
DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Tan Sri Dato' Lim Kang Hoo** and **Tan Sri Datuk Seri Lim Keng Cheng**, being directors of Ekovest Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 64 to150 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and their financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

TAN SRI DATO' LIM KANG HOO	**TAN SRI DATUK SERI LIM KENG CHENG**
Director	Director

Kuala Lumpur

Date: 15 October 2019

STATUTORY
DECLARATION
PURSUANT TO SECTION 251(1) (b) OF THE COMPANIES ACT 2016

I, **Lim Soo San** (IC No.: 700610-14-5256), being the person primarily responsible for the financial management of Ekovest Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 64 to 150 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared	)	
by the abovenamed	)	
Lim Soo San	)	
at Kuala Lumpur	)	**LIM SOO SAN**
in the Federal Territory	)	Chartered Accountant
this 15 October 2019	)	MIA Membership No.: 11021

Before me:

(Commissioner of Oaths)

MATERIAL LITIGATION
OF EKOVEST BERHAD AND ITS SUBSIDIARIES

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

(vi) 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.

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.

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS

Save as disclosed below as at 30 June 2019, neither the Company nor its subsidiaries has entered into any material contracts or material loans, not being contracts entered into the ordinary course of business, within three (3) years immediately preceding the date of this Report.

On 21 September 2016, the Board of Directors of Ekovest Berhad (**"Board"**), had 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, 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 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"**).

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.

None of the Directors or major shareholders or persons connected to them has/have any interest or indirect interest in the above transaction.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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 RM213.9 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.

NON AUDIT FEES

The amount of non-audit fees paid or payable by the Company and by the Group to the external auditors for the financial year ended 30 June 2019 are RM5,000 and RM43,000 respectively.

ADDITIONAL COMPLIANCE INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company will be seeking shareholders' mandate and additional mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature, at the forthcoming Annual General Meeting of Ekovest Berhad scheduled to be held on 27 November 2019.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

Date of Annual Report : 30 October 2019
Statement Date : 30 September 2019

I SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Shareholdings	%	Indirect Shareholdings	%
1.	Tan Sri Dato' Lim Kang Hoo	493,377,393	18.58	298,000,032 [1]	11.23
2.	Ekovest Holdings Sdn Bhd	298,000,032	11.23	-	-
3	Tan Sri Datuk Seri Lim Keng Cheng	10,833,000	0.41	131,599,300 [2]	4.96
	TOTAL	802,210,425	30.22		

II DIRECTORS' SHAREHOLDINGS

No.	Name	Direct Shareholdings	%	Indirect Shareholdings	%
1.	Tan Sri Dato' Lim Kang Hoo	493,377,393	18.58	298,000,032 [1]	11.23
2.	Tan Sri Datuk Seri Lim Keng Cheng	10,833,000	0.41	131,599,300 [2]	4.96
3.	Dato' Lim Hoe	12,002,375	0.45	-	-
4.	Lim Chen Herng	-	-	-	-
5.	Kang Hui Ling	-	-	-	-
6.	Lim Ts-Fei	-	-	-	-
7.	Chow Yoon Sam	160,000	0.01	-	-
8.	Dr. Wong Kai Fatt	-	-	-	-
9.	Lee Wai Kuen	-	-	-	-
10.	Lim Chen Thai	-	-	-	-
11.	Wong Khai Shiang	750,000	0.03	-	-
12.	Lim Ding Shyong	-	-	-	-
	TOTAL	517,122,768	19.48		

Notes:

[1] Deemed interest by virtue of his shareholding in Ekovest Holdings Sdn Bhd
[2] Deemed interest by virtue of his shareholding in Lim Seong Hai Holdings Sdn Bhd

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

III CLASS OF EQUITY SECURITY

Issued and Fully Paid-up	:	2,654,828,002
Class of Security	:	Ordinary Share
No. of Shareholders	:	22,154
Voting Rights	:	One (1) vote per ordinary share

IV DISTRIBUTION BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Shareholders	%	Shareholdings	%
Less than 100	143	0.65	5,760	0.00
100 to 1,000	1,672	7.55	1,178,510	0.05
1,001 to 10,000	10,884	49.13	64,762,022	2.44
10,001 to 100,000	7,951	35.89	272,965,711	10.28
100,001 to less than 5% of issued shares	1,502	6.78	1,804,550,756	67.97
5% and above of issued shares	2	0.00	511,365,243	19.26
TOTAL	22,154	100.00	2,654,828,002	100.00

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1.	TAN SRI DATO' LIM KANG HOO	316,315,221	11.91
2.	EKOVEST HOLDINGS SDN BHD	195,050,022	7.35
3.	KHOO NANG SENG @ KHOO NAM SENG	99,810,850	3.76
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	75,085,000	2.83
5.	LIM SEONG HAI HOLDINGS SDN BHD	72,682,800	2.74
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR TAN SRI DATO' LIM KANG HOO (PBCL-0G0650)*	64,117,000	2.42
7.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' LIM KANG HOO*	62,945,172	2.37
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR EKOVEST HOLDINGS SDN.BHD. (SMART)*	60,000,000	2.26
9.	LIM SEONG HAI HOLDINGS SDN BHD	58,916,500	2.22
10.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' LIM KANG HOO*	50,000,000	1.88
11.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR EKOVEST HOLDINGS SDN BHD*	42,950,010	1.62
12.	KOTA JAYASAMA SDN BHD	36,771,700	1.39
13.	URUSHARTA JAMAAH SDN BHD	33,558,000	1.26
14.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YAP SONG MING*	33,204,900	1.25
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR TNTT REALTY SDN BHD (PB)*	30,000,000	1.13
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GRANDSTAGE CAPITAL SDN BHD*	20,000,000	0.75
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)*	19,200,000	0.72
18.	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	18,914,625	0.71
19.	LIM YAN BU	16,500,000	0.62
20.	SULAIMAN ABDUL RAHMAN B ABDUL TAIB	15,000,000	0.57

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
21.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC*	14,247,094	0.54
22.	WONG WEI CHOY	14,210,000	0.54
23.	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PREMIER ELITE MARKETING SDN BHD*	12,642,300	0.48
24.	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND*	12,286,862	0.46
25.	MAYBANK INVESTMENT BANK BERHAD *IVT (9)*	12,210,100	0.46
26.	DATO' LIM HOE	12,002,375	0.45
27.	LOH YU SAN	11,428,500	0.43
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE*	11,202,900	0.42
29.	ANASTASIA AMANDA BEH GAIK SIM	10,910,050	0.41
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE (E-BPT)*	10,891,100	0.41

PARTICULARS OF
MATERIAL PROPERTIES
AS AT 30 JUNE 2019

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
PROJECT EKOCHERAS Geran 78870, Lot 480726, Mukim Kuala Lumpur. (DOA: 04-02-2000)	Ekovest Capital Sdn Bhd	2 years	Freehold	Shopping mall	55,998^	400,000	400,000
Part of Geran 78870, Lot 480726, Mukim Kuala Lumpur. (DOA: 04-02-2000)	DUKE Hotels Sdn Bhd	N/A	Freehold	Construction in progress	11,462^	68,736	68,736
PROJECT EKOTITIWANGSA Geran Mukim 4944, Lot 20007, Seksyen 85, Bandar Kuala Lumpur. (DOA: 7-5-2007 & 10-08-2010)	Ekovest Land Sdn Bhd	N/A	Freehold	Construction in progress	9,348#	28,059	28,059
PROJECT EKOAVENUE Geran 57616, Lot 520, Geran 57617, Lot 521, Seksyen 85, Bandar Kuala Lumpur. (DOA: 17-12-2007)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	4,658#	9,997	9,997
HSD 120433, PT 144, Seksyen 85A, Bandar Kuala Lumpur. (DA: 06-10-2017)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	2,660#	19,963	19,963
PROJECT EKOQUAY Geran 36008, Lot 151, Geran 28520, Lot 152, Seksyen 85, Bandar Kuala Lumpur. (DOA: 05-08-2011 & 15-01-2013)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	2,742#	5,537	5,537

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
PROJECT EKOQUAY (CONT'D) Geran 37575, Lot 310, Geran 37576, Lot 311, Geran 37577, Lot 312, Geran 37578, Lot 313, Geran 29686, Lot 336 Seksyen 85, Bandar Kuala Lumpur. (DOA: 18-10-2011 & 05-08-2011)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	996#	7,207	6,069
Geran 78119, Lot 20004, Geran 78857, Lot 20006, Seksyen 85, Bandar Kuala Lumpur. (DA: 23-05-2015 & 07-01-2016)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	196#	648	648
HSD 120001, PT 84, Seksyen 85, Bandar Kuala Lumpur. (DA: 06-01-2016)	Ekovest Properties Sdn Bhd	N/A	Leasehold 99 years Expiring on 5 January 2115	Vacant land	3,446#	5,530	5,530
GRN 24930, Lot 256, GM 1497, Lot 326, Seksyen 85, Bandar Kuala Lumpur. (DOA: 07-04-2017)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	4,693#	29,364	29,364

PARTICULARS OF MATERIAL PROPERTIES
AS AT 30 JUNE 2019

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
PROJECT EKORIVER CENTRE Geran 20722 Lot 297, Geran 20723 Lot 298, Geran 20724 Lot 299, Geran 20725 Lot 300, Geran 20726 Lot 301, Section 85, Bandar Kuala Lumpur. (DOA: 14-08-2006)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	5,683#	9,695	9,695
PN51151, Lot 20001, Section 85, Bandar Kuala Lumpur. (DOA: 07-10-2014)	Ekovest Properties Sdn Bhd	N/A	Leasehold 99 years expiring on 1 November 2110	Vacant land	2,748#	9,941	9,941
HSD 120087, PT 85, Section 85, Bandar Kuala Lumpur. (DA: 05-05-2016)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	1,628#	7,822	7,822
HSD 120272, PT 86, Section 85, Bandar Kuala Lumpur. (DA: 22-02-2017)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	1,663#	8,822	8,822
HSD 120398, PT 87, Seksyen 85, Bandar Kuala Lumpur. (DA: 13-06-2017)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	628#	3,143	3,143

PARTICULARS OF MATERIAL PROPERTIES

AS AT 30 JUNE 2019

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
PROJECT EKORIVER CENTRE (CONT'D)							
HSD 120778, PT 88, Seksyen 85, Bandar Kuala Lumpur. (DA: 07-09-2018)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	2,926#	16,400	16,400
HSD 120779, PT 146, Seksyen 85A, Bandar Kuala Lumpur. (DA: 07-09-2018)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	9,433#	52,869	52,869
PROJECT EKOGATEWAY							
Lot 9460 to 9578, Mukim Setapak, Kuala Lumpur. (118 titles) (DOA: 09-07-2007)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	22,228#	20,112	20,112
Lot 28270 & 28271 Mukim Setapak, Kuala Lumpur. (DOA: 01-10-2010)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	14,970#	15,370	15,370

PARTICULARS OF MATERIAL PROPERTIES
AS AT 30 JUNE 2019

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
PROJECT EKOGATEWAY (CONT'D)							
Geran Mukim 925, Lot 22520, Mukim Setapak, Kuala Lumpur. (DOA: 18-12-2013)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	686#	7,700	7,700
Lot 9762 to 9776, Lot 9780 to 9782, Mukim Setapak, Kuala Lumpur. (18 titles) (DOA: 18-12-2013)	Ekovest Properties Sdn Bhd	N/A	Leasehold 99 years Expiring on 14 September 2077	Vacant land	1,962#	5,491	5,491
Lot 14238 & 14239, Lot 14250 to 14259, Mukim Setapak, Kuala Lumpur. (11 titles) (DOA: 18-12-2013)	Ekovest Properties Sdn Bhd	N/A	Freehold	Vacant land	1,328#	3,709	3,709
HSD 120216, PT10074, HSD 120217, PT10075, HSD 120218, PT10076, HSD 120212, PT10077, HSD 120213, PT10078, HSD 120214, PT10079, HSD 120215, PT10080, Mukim Setapak, Kuala Lumpur. (7 titles) (DA: 10-10-2016)	Ekovest Properties Sdn Bhd	N/A	Leasehold 99 years Expiring on 9 October 2115	Vacant land	18,172#	13,544	13,544

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
OTHERS							
Geran 94689, Lot 675, Geran 43451, Lot 923, Mukim Pulai, Johor Bahru. (DOA: 11-06-2004)	Timur Terang Sdn Bhd	N/A	Freehold	Vacant land	101,609#	212,000	212,000
HSD 120121, PT10066, Mukim Setapak, Kuala Lumpur. (DOA: 05-05-2016)	Ekovest KL Bund Sdn Bhd	N/A	Leasehold 99 years Expiring on 27 December 2114	Vacant land	7,940#	30,554	30,554
GM 931 Lot 16345, GM 932 Lot 16346, Mukim Setapak, Kuala Lumpur. (DOA: 03-09-2015)	Ekovest Properties Sdn Bhd	4 years	Freehold	Three storey shop lot	15,695^	12,914	12,914
Part of lands held under H Geran 250679 Lot 45370 Danga View Apartment Bandar of Johor District of Johor Bahru Johor Darul Takzim. (DOA: 24-11-2005) 6 Units (DOA: 07-02-2002) 3 Units (DOA: 15-01-2001) 8 Units	Ekovest Berhad	14 years	Freehold	17 units of apartment	4,511^	21,716	21,716

PARTICULARS OF MATERIAL PROPERTIES
AS AT 30 JUNE 2019

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
OTHERS (CONT'D)							
GM 762 Lot 14233, GM 763 Lot 14234, Mukim Setapak, Kuala Lumpur. (DOA: 25-07-2017)	Ekovest Properties Sdn Bhd	2 years	Freehold	Three storey shop lot	467^	9,301	9,301
Part of land held under Strata Geran No. 358304, Bandar Johor Bahru (DOA: 25-06-2010)	Ekovest Construction Sdn Bhd	9 years	Freehold	4 units of 3 Storey shop office and 1 unit of 4 storey shop office	1,811^	7,272	7,272
Lot 42483 to Lot 42489 (7 lots) Lot 42490 to Lot 42499 (10 lots) Lot 42500 to Lot 42514 (15 lots) Mukim Kuala Kuantan, Bandar Indera Mahkota, Kuantan. (DOA: 19-11-1996)	Milan Energy Sdn Bhd	N/A	Leasehold 99 years Expiring on 22 March 2093	Vacant land	46,940#	5,069	5,069
HSD 119770, Lot 82, Seksyen 85, Bandar Kuala Lumpur. (DA: 19-01-2015)	Ekovest Land Sdn Bhd	N/A	Leasehold 99 years expiring on 18 January 2114	Vacant land	2,179#	10,342	10,342
GM 929 Lot 16343, Mukim Setapak, Kuala Lumpur. (DOA: 15-12-2017)	Ekovest Properties Sdn Bhd	2 years	Freehold	Three storey shop lot	149^	4,341	4,341
Geran no. 45357, Lot 160, Bandar Kuala Lumpur. (DOA: 29-09-2017)	KL Bund Sdn Bhd	N/A	Leasehold 99 years Expiring on 15 May 2106	Vacant Land	8,488#	43,549	43,549

PARTICULARS OF MATERIAL PROPERTIES
AS AT 30 JUNE 2019

LOCATION	OWNER	AGE OF BUILDING	TENURE	LAND DESCRIPTION	LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres)	COST/ REVALUATION/ FAIR VALUE (RM'000)	NET BOOK VALUE (RM'000)
OTHERS (CONT'D)							
Geran Mukim 354, Lot 228, Geran Mukim 355, Lot 229, Geran Mukim 356, Lot 231, Geran Mukim 774, Lot 297, Geran Mukim 772, Lot 348, Geran Mukim 773, Lot 404, Geran 130368, Lot 528, Geran 72701, Lot 486, Geran 51638, Lot 529, Geran 65429, Lot 828, Geran 75822, Lot 2604, Geran 75823, Lot 2605, Geran 75824, Lot 2606, Geran 75825, Lot 2607, Geran 75826, Lot 2608, Mukim Jimah, District of Port Dickson, Negeri Sembilan. Geran 241464, Lot 10703, Geran Mukim 2141, Lot 10705, Pekan Lukut, District of Port Dickson, Negeri Sembilan. (17 titles) (DOA: 08-10-2018)	Ekovest World Sdn Bhd	N/A	Freehold	Vacant Land	504,319#	31,594	31,594
HSD 565071, PT 24422, Bandar Johor Bahru, District of Johor Bahru Johor Darul Takzim. (DOA: 10-12-2018)	Tanahmas Kapital Sdn Bhd	N/A	Freehold	Vacant Land	45,242#	67,685	67,685

Note: DOA : Date of Acquisition.-Refers to Sales and Purchase Agreement.
DA : Alienation Date

ROAD ENGINEERING ASSOCIATION OF MALAYSIA

Be it known that this

ROAD ENGINEERING EXCELLENCE MERIT AWARD

is presented to

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD

in recognition of the completion of

DUTA-ULU KLANG EXPRESSWAY (DUKE) PHASE 2

on the occasion of the

10th Malaysian Road Conference & Exhibition 2018
and PIARC International Seminar on Asset Management
in Petaling Jaya, Selangor on this
Twenty Ninth Day of October Two Thousand Eighteen

DATO' SRI Ir. Dr. ROSLAN BIN MD TAHA
President

Ir. HAJI MOHAMAD ZULKEFLY BIN SULAIMAN
Honorary Secretary General

EKOVEST

Ekovest Berhad
(Registration No. 198501000052 (132493-D))

I/We *(full name in capital letter)*____________________NRIC/Company No.________________

of *(full address)*____

________________________________being a member/members of

Ekovest Berhad ("Company"), do hereby appoint *(full name in capital letter)*____________________

NRIC/Company No.________________of *(full address)*____________________

____or failing

him/her *(full name in capital letter)*____________________NRIC/Company No.________________

of *(full address)*____

or failing him/her, the Chairman of the **Thirty-Fourth Annual Meeting** ("**AGM**") as *my/our proxy/proxies to vote for *me/us and on *my/our behalf, at the AGM of the Company, to be held at **Ballroom A, Level 10, DoubleTree by Hilton Kuala Lumpur, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur** on **27 November 2019** at **10.30 a.m.** and at any adjournment thereof.

* *Delete where applicable*

My/Our proxy/proxies is/are to vote as indicated below.

NO.	RESOLUTIONS		FOR	AGAINST
1.	Re-election of : i) Dato' Lim Hoe	(Resolution 1)		
	ii) Dr. Wong Kai Fatt	(Resolution 2)		
	iii) Mr. Lee Wai Kuen	(Resolution 3)		
2.	Approval of Directors' Fees	(Resolution 4)		
3.	Approval of Directors' Benefits	(Resolution 5)		
4.	Declaration of First and Final Single Tier Dividend	(Resolution 6)		
5.	Re-appointment of Auditors	(Resolution 7)		
6.	Ordinary Resolution Continuing In Office As Independent Non-Executive Director	(Resolution 8)		
	Ordinary Resolution Proposed Renewal of the Authority for Directors to Allot and Issues Shares	(Resolution 9)		
	Ordinary Resolution Proposed Renewal of Shareholders' Mandate and Additional Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	(Resolution 10)		
	Special Resolution Proposed Alteration of the Existing Memorandum and Articles of Association by replacing a new Constitution	(Resolution 11)		

(Please indicate with an "**X**" in the space provided above how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this ________ day of ________ 2019

Number of Shares held ________________

Signature of Shareholder

Lastly fold here

Notes:

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 7 November 2019 shall be entitled to attend and vote at the Annual General Meeting.

2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting provided that where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy.

4. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

6. To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securites Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

2nd fold here

AFFIX
STAMP

THE COMPANY SECRETARY

EKOVEST

Ekovest Berhad

(Registration No. 198501000052 (132493-D))

GROUND FLOOR, WISMA EKOVEST,

NO. 118, JALAN GOMBAK, 53000 KUALA LUMPUR.

1st fold here

EKOVEST

Ekovest Berhad
(Registration No. 198501000052 (132493-D))

GROUND FLOOR, WISMA EKOVEST,
No. 118, JALAN GOMBAK 53000 KUALA LUMPUR.
Tel : 03-4021 5948 Fax : 03-4021 5943

WWW.EKOVEST.COM.MY