



EKOVEST BERHAD

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

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

Notes to the Interim Financial Report (4th Quarter - 30 June 2015)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Financial Reporting Standards ('FRS') 134 : Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2014.

1.1 Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 30 June 2014 except for the adoption of new FRSs, amendments to FRSs and IC interpretations ("IC") which are relevant to its operations and effective for the financial periods beginning on or after 1 January 2014 as set out below :-

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10, 12 and 127, *Investment Entities*
- Amendments to FRS 132, *Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136, *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 119, *Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 2, 3, 8, 13, 116, 124 and 138, *Annual Improvements to FRSs (2010 – 2012) Cycle*
- Amendments to FRS 1, 3, 13 and 140, *Annual Improvements to FRSs (2011 – 2013) Cycle*
- IC Interpretation 21, *Levies*

The adoption of the new FRSs, Interpretations and amendments have no material impact to the Group's consolidated financial statements of the current and prior periods financial statements upon its first adoption.

1.2 Malaysian Financial Reporting Standards ("MFRS")

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

According to an announcement made by the MASB on 2 September 2014, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.



EKOVEST BERHAD

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 30 June 2018. In presenting its first sets of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Group. Accordingly, the financial performance and financial position of the Group as presented in these financial statements for the year ended 30 June 2015 could be different if prepared in accordance with MFRS.

A2 Audit Report

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

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items

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

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

Not applicable.

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

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review save and except as follows:

Pursuant to the announcement made on 29 January 2014, Ekovest had completed the listing and quotation of 244,413,960 new Ekovest shares of RM0.50 each together with 122,206,980 free detachable warrants on 30 June 2014.

A7 Dividend

The Shareholders have on 29 December 2014 approved the payment of a first and final single tier dividend of 2 sen per ordinary share of RM0.50 each amounting to RM17,108,977 for the financial year ended 30 June 2014. The said dividend was paid on 18 March 2015 to members whose name appear in the Record of Depositors on 27 February 2015.



EKOVEST BERHAD

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

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

A8 Segmental Reporting

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

Year Ended 30 June 2015

	Construction RM '000	Investment holding RM '000	Property development RM '000	Toll operations RM '000	Inter-Segment Elimination RM '000	Total RM '000
Revenue	368,860	2,159	58,159	93,423	(83,805)	438,796
Operating profit	79,610	3,723	14,910	75,162	(55,172)	118,233
Interest Income						4,900
Interest Expense						(91,261)
Unallocated income and gain						-
Profit before tax						31,872

Year Ended 30 June 2014

	Construction RM '000	Investment holding RM '000	Property development RM '000	Toll operations RM '000	Inter-Segment Elimination RM '000	Total RM '000
Revenue	137,741	2,584	-	89,407	(606)	229,126
Operating profit	13,532	(4,022)	-	77,199	(143)	86,566
Interest Income						4,239
Interest Expense						(130,320)
Unallocated income and gain						47,241
Profit before tax						7,726

A9 Revaluation of Property, Plant and Equipment

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

A10 Material Subsequent Event

There have been no material event subsequent to the quarter and year ended 30 June 2015.



EKOVEST BERHAD

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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

A11 Changes in Composition of the Group

Nuzen Corporation Sdn Bhd ("NCSB"), a wholly-owned subsidiary of Wira Kristal Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, had on 24 June 2015, subscribed and acquired seven (7) ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Lebuhraya DUKE Fasa 2A Sdn Bhd ("LDF2A") which has an authorised share capital of RM400,000.00 and issued and paid-up share capital of RM10.00. LDF2A is currently dormant.

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

A12 Contingent Liabilities

There have been no contingent liabilities subsequent to the quarter and year ended 30 June 2015.

A13 Capital Commitments

Capital commitments of the Group as 30 June 2015 are as follows -

	RM '000
Approved and contracted capital expenditure in respect of,	
- purchase of properties	23,448
- concession assets	881,629
	<hr/>

A14 Significant Related Party Transactions

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

	As at 30 June 2015 RM '000
With company in which certain Directors of the Company, have interests:	
Wengcon Marketing Sdn Bhd	7,785
Teras Hijaujaya Sdn Bhd	20,107



EKOVEST BERHAD

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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

Notes to the Interim Financial Report (4th Quarter - 30 June 2015)

B1 Review of Performance for the Year

For the financial year ended 30 June 2015, the Group recorded a revenue of RM438.80 million with a profit before tax of RM31.87 million as compared to a revenue of RM229.13 million and a profit before tax of RM7.73 million for the preceding year corresponding period. The increase in the revenue and profit before tax for the reporting period was mainly due to higher revenue contribution from the construction segment for the DUKE Phase-2 and also contribution from the recognition of sales for our EkoCheras property development project which had not commenced in preceding corresponding period. Other than the above, there was other comprehensive income relating to the fair value adjustment for investment properties of RM82.45 million net of deferred tax during the year.

B2 Review of Performance for the Quarter

The Group reported a profit before taxation of RM17.62 million from a revenue of RM119.80 million as compared to the previous quarter of RM7.51 million profit before tax from a revenue of RM125.25 million. The increase in revenue and profit before tax for the reporting quarter was mainly due to the progress of the construction works for the DUKE Phase-2 and recognition of sales for our EkoCheras property development project. Other than the above, there was other comprehensive income relating to the fair value adjustment for investment properties of RM82.45 million net of deferred tax during the quarter.

B3 Prospects

The Board expects the construction of the RM1.18 billion DUKE Phase-2 and the recognition of unbilled sales from property development activities to contribute to the Group's turnover and profitability in the coming financial year.

Barring any unforeseen circumstances, the Board is of the view that the Group's performance would remain satisfactory in the coming financial year.

B4 Forecast/Profit Guarantee

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



EKOVEST BERHAD

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

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

B5 Taxation

	GROUP	
	CURRENT QUARTER ENDED 30 JUNE 2015 RM '000	12 MONTHS ENDED 30 JUNE 2015 RM '000
<u>Current tax expense</u>		
- Current	7,468	11,211
- Overestimation in prior year	(1,956)	(1,956)
	5,512	9,255
<u>Deferred tax expense / (income)</u>		
- relating to reversal of temporary differences	(7,329)	(7,329)
- underestimated in prior year	10,645	10,645
	3,316	3,316
	8,828	12,571

The effective tax rate of the Group for the current quarter and year ended 30 June 2015 is higher compared to statutory tax rate, mainly due to the losses incurred by certain subsidiaries and disallowable expenses and changes in estimated deferred tax.

B6 Profit on Sale of Investment and/or Properties

There were no sale of investment or properties during the quarter and the year ended 30 June 2015.

B7 Corporate Exercises

There are no corporate proposals announced but not completed as at the date of this quarterly report.

The status of utilisation of proceeds raised from the Rights Issue With Warrants which was completed on 30 June 2014 are as follows:

Purpose	Proposed Utilisation (RM '000)	Actual Utilisation (RM '000)	Balance (RM '000)	Deviation (RM '000)	Intended Timeframe for Utilisation	Notes
Acquisition of the remaining 30% interest in the DUKE	205,200	205,200	Nil	Nil	Within 12 months	(a)
Working capital	36,214	36,214	Nil	Nil	Within 6 months	(b)
Estimated Expenses	3,000	3,000	Nil	Nil	Within 6 months	(c)
	244,414	244,414				



EKOVEST BERHAD

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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

Notes:-

- (a) *Fully utilised to satisfy the balance purchase consideration for the acquisition of the remaining 30% interest in the DUKE amounting to RM205.2 million.*
- (b) *Fully utilised for the Group's working capital purposes, which include the payment to suppliers and contractors for on-going development projects, as well as for day-to-day operations.*
- (c) *Include professional fees and fees payable to the relevant authorities, printing cost of circular and abridged prospectus, advertising and miscellaneous expenses. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the Group's working capital requirements.*

Ekovest Berhad had on 15 January 2015, announced that its wholly-owned subsidiary, Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("**Kesturi**"), has received a letter from the Public Private Partnership Unit, Prime Minister's Department approving in-principle the Proposed Privatisation of the Duta-Ulu Kelang Expressway Phase-3 ("**DUKE Phase-3**"). The proposed privatisation of DUKE Phase-3 is subject to further negotiation to finalise its technical and financial terms and conditions.

The proposed alignment of DUKE Phase-3, measuring approximately 35 kilometres, will traverse north to south of Kuala Lumpur and will serve areas such as University Tunku Abdul Rahman, Wangsa Maju, Setiawangsa, Ampang, the Tun Razak Exchange & Bandar Malaysia development corridor and Kerinchi. The DUKE Phase-3 is expected to provide an alternative route for road users with improved and more efficient traffic dispersal system in and around Kuala Lumpur city centre to complement and relief peak hour congestion on existing arterial roads and expressways along its proposed alignment. The DUKE Phase-3 is also expected to improve connectivity with existing expressways and public rail transportation system such as the KTM Komuter, LRT and MRT lines and providing a holistic land transport system to support the development and modernisation of Greater Kuala Lumpur.

A special purpose vehicle under Nuzen Corporation Sdn Bhd, the immediate holding company of Kesturi and a wholly-owned subsidiary of Ekovest, will be incorporated to undertake the DUKE Phase-3. The project cost of the DUKE Phase-3 is estimated to be RM3.57 billion and is expected to be financed via a combination of internally generated funds, borrowings and/or other fund raising exercise, subject to the finalisation of the DUKE Phase-3 technical and financial terms and conditions.

Further announcement to Bursa Malaysia will be made as and when there is a material development in relation to the DUKE Phase-3.



EKOVEST BERHAD

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

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

B8 Group Borrowings AMOUNT REPAYABLE WITHIN ONE YEAR	GROUP	
	CURRENT QUARTER ENDED 30 JUNE 2015 RM '000	PRECEDING YEAR ENDED 30 JUNE 2014 RM '000
Bank overdraft-secured	46,788	33,094
-unsecured	2,741	18,673
Bank Term Loans-secured	92,456	8,409
Revolving credit-unsecured	167,000	62,000
	<u>308,985</u>	<u>122,176</u>

AMOUNT REPAYABLE AFTER ONE YEAR	GROUP	
	CURRENT QUARTER ENDED 30 JUNE 2015 RM '000	PRECEDING YEAR ENDED 30 JUNE 2014 RM '000
Bank Term Loans-secured	136,810	122,429
Islamic medium term notes	1,685,359	1,658,457
	<u>1,822,169</u>	<u>1,780,886</u>

B9 Material Litigation

Save as disclosed below as at 30 June 2015, 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



EKOVEST BERHAD

(Company No. 132493-D)

(Incorporated in Malaysia under the Companies Act, 1965)

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

- (ii) the sum of RM7,459,356.15 being the uncertified value of work done and the sum of RM8,217,960.68 being retention monies in respect of work executed and the value of goods and material delivered under the sub-contract.

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

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

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

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.

B10 Dividend

The Directors have proposed, subject to shareholders approval in the forth coming annual general meeting to be convened, a first and final single tier dividend of 2 sen per share. The date for the payment of dividend shall be announced in due course.



EKOVEST BERHAD

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

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

B11 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 June 2015 RM '000	Preceding year corresponding quarter 30 June 2014 RM '000	12 months to 30 June 2015 RM '000	12 months to 30 June 2014 RM '000
(a) Basic earnings per share				
Net profit attributable to ordinary shareholders	7,964	39,996	17,807	47,111
Weighted average number of ordinary share issue ('000)	855,448	651,769	855,448	651,769
Basic earnings per ordinary share (sen)	0.93	5.86	2.08	7.23
(b) Diluted earnings per ordinary Share (sen)	0.93	N/A	2.08	N/A

B12 Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current quarter ended 30 June 2015 RM '000	12 months ended 30 June 2015 RM '000
Profit before tax is stated after charging / (crediting) :		
Interest income	1,606	4,900
Other income including investment income	7,595	8,890
Interest expense	(13,000)	(91,261)
Depreciation and amortization	(2,243)	(5,278)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investment or properties	54	288
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-



EKOVEST BERHAD

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

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

B13 Realised and Unrealised Retained Earnings

The retained earnings as at 30 June 2015 are analysed as follows:

	As at 30 June 2015 RM '000	As at 30 JUNE 2014 RM '000
Realised	210,278	214,211
Unrealised	53,148	48,518
Total retained earnings	<u>263,426</u>	<u>262,729</u>