EKOVEST BERHAD
(132493-D)

# ANNUAL REPORT
# LAPORAN TAHUNAN
# 2015

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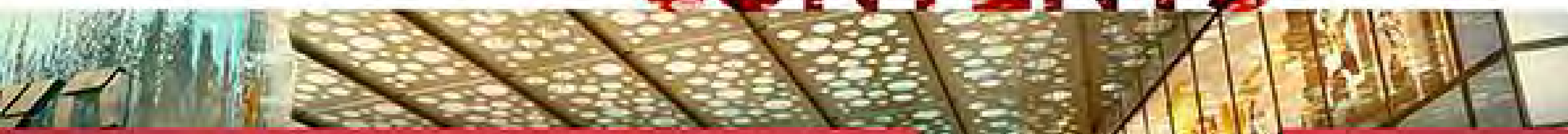




# NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of the Company will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Friday, 18 December 2015 at 11.30 a.m. for the purpose of transacting the following businesses:-**

**AGENDA**

1. To lay the Reports and Financial Statements for the financial year ended 30 JUNE 2015 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) Ms. Kang Hui Ling — **RESOLUTION 1**

   ii) Ms. Lim Ts-Fei — **RESOLUTION 2**

   iii) Dr. Wong Kai Fatt — **RESOLUTION 3**

3. To re-appoint Mr. Khoo Nang Seng @ Khoo Nam Seng who retires in accordance with Section 129 (6) of the Companies Act, 1965. — **RESOLUTION 4**

4. To approve the payment of Directors' Fees for the financial year ended 30 JUNE 2015. — **RESOLUTION 5**

5. To declare a First and Final Single Tier Dividend of 2 sen per share in respect of the financial year ended 30 JUNE 2015. — **RESOLUTION 6**

6. To re-appoint Messrs. Mazars as Auditors 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 ordinary resolutions with or without modifications:-

   **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 9 years, to continue to act as an Independent Non-Executive Director of the Company". — **RESOLUTION 8**

   **AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   **"THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Bursa Malaysia Securities Berhad and other relevant governmental / regulatory authorities, where such approvals are necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting". — **RESOLUTION 9**

# NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND ADDITIONAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"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 27 November 2015 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 after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but not extending to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

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

whichever is the earlier". **RESOLUTION 10**

8. To transact any other matter for which due notices have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the approval of the shareholders at the Thirtieth Annual General Meeting, the First and Final Single Tier Dividend of 2 sen per share will be paid on 17 March 2016 to members whose names appear in the Record of Depositors on 29 February 2016.

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

i. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 February 2016 in respect of ordinary transfers; and

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

By Order of the Board

**Lim Thiam Wah,** ACIS
Chartered Secretary
Kuala Lumpur
27 November 2015

# NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING

**Notes:**

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 30 November 2015 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 and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to 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.

**Explanatory notes on Special Business:-**

i. 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 2012 recommended that approval of shareholders be sought in the event that the Company intends to retain a person as an Independent Director, a person who has served in that capacity for more than 9 years.

   The Board has assessed and recommended that Ms. Kang Hui Ling who has served as Independent Non-Executive Director of the Company for more than 9 years, to continue to act as Independent Non-Executive Director, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

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

   a. Fulfils 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.

   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 Committee and Board Meetings.

ii. 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 10% of the issued share capital 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. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 December 2014 and which will lapse at the conclusion of the Thirtieth Annual General Meeting. The general mandate will 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.

iii. The Proposed Resolution 10, if passed, will authorise the Group to enter into recurrent related party transactions as specified in the Circular to Shareholders dated 27 November 2015, provided that such transactions are 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 next Annual General Meeting of the Company.

## Explanatory Note A:-

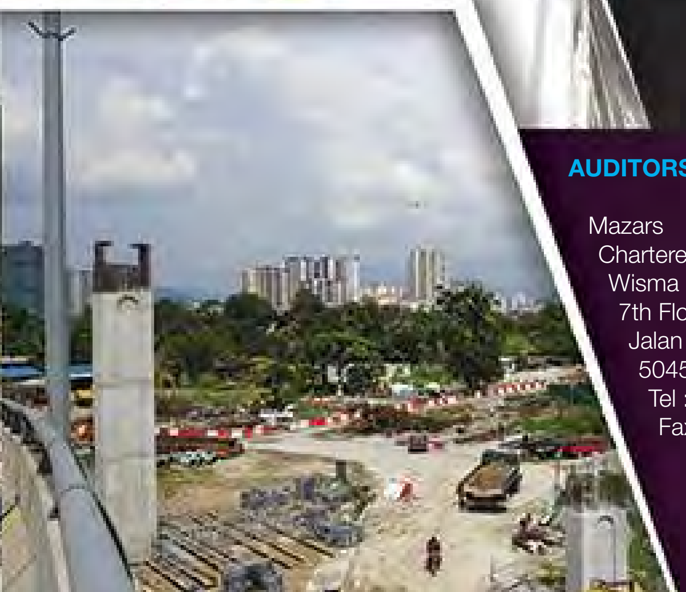
This Agenda is meant for discussion only as under the provision of Section 169(1) of the Companies Act, 1965 the Reports and Financial Statements do not require formal approval of the shareholders and hence, the matter will not be put forward for voting.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**Particulars of Directors who are standing for election at the Thirtieth Annual General Meeting.**

There is no Director standing for election at the Thirtieth Annual General Meeting.



# CORPORATE INFORMATION

## REGISTERED OFFICE

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

## LEGAL FORM AND PLACE OF INCORPORATION

A public listed company incorporated in Malaysia under Companies Act 1965 and limited by shares

## 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

## PRINCIPAL BANKERS

AmBank Berhad
Malayan Banking Berhad
Public Bank Berhad
Kuwait Finance House (Malaysia) Berhad
Hong Leong Bank Berhad

## AUDITORS

Mazars
Chartered Accountants
Wisma Selangor Dredging
7th Floor, South Block 142-A
Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21615222
Fax: 03-21613909

## BOARD OF DIRECTORS

**Tan Sri Dato' Lim Kang Hoo**
(Executive Chairman)

**Datuk Lim Keng Cheng**
(Managing Director)

**Khoo Nang Seng @ Khoo Nam Seng**
(Executive Director)

**Lim Hoe**
(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 Herng**
(Alternate Director to Tan Sri Dato' Lim Kang Hoo)

**Wong Khai Shiang**
(Alternate Director to Madam Lim Hoe)

**Lim Ding Shyong**
(Alternate Director to Datuk Lim Keng Cheng)

## SECRETARY

Lim Thiam Wah, ACIS

## DOMICILE

Malaysia

## LISTING STATUS

Listed on Bursa Malaysia Main Market

## PRINCIPAL PLACE OF BUSINESS

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

## WEBSITE

www.ekovest.com.my


KL RIVER CITY

Tan Sri Dato'
**Lim Kang Hoo**
Executive Chairman

# 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 ("FYE") 30 JUNE 2015.

For FYE 30 June 2015, our Group recorded profit after tax of RM20.0 million on the back of a revenue of RM438.0 million. This is an increase from previous year's profit after tax of RM13.2 million and revenue of RM229.1 million.

From the revenue of RM438.0 million, our construction division is still the largest contributor with 65% or RM285.4 million. Our toll operations from the DUKE contributed approximately 21% or RM93.4 million and the property development division contributed 13% or RM58.2 million. The overall results of our Group remains strong and we believe that the performance will remain satisfactory in the current financial year as the progress of the EkoCheras and DUKE Phase 2 construction reaches its peak stages.


## EXECUTIVE CHAIRMAN'S STATEMENT

On the corporate front, we are always evaluating means to further strengthen the financial position of our Group and also exploring ways to further enhance our shareholders value. The size to which we have grown have given us the opportunity to undertake sizable projects. With the many mega infrastructure projects that is coming onstream in the next few years such as the MRT 2 lines and other highways construction projects, the track record that we have together with the financial strength that we possess, it will give us an edge in the tendering process.

We have been and will continue to work even harder and will be on the lookout for opportunities to further enhance and unlock value of our assets. I acknowledge that with uncertainties in both the local and international economies, there will be challenges and roadblocks that we will face in the coming years. But with patience, perseverance commitment and diverse experience of our senior management team, I am confident that Ekovest will remain a role model and key player in the industry for years to come and the long term prospect of Ekovest remains bright.

As we continue to strive for excellence, we remain committed to our corporate social responsibilities. We continue to be actively involved and have been working closely with schools to assist and contribute towards their improvements. I am also pleased that Ekovest together with its employees have further engaged our local community with our "Learning Beyond Classroom Campaign" organised together with Dignity for Children Foundation. This has given our employees the opportunity to come together and socialise with the children and the small things that we do here will definitely make a big impact to their well being.

The Board recognises the importance of adopting good corporate governance. It is our commitment to meet all governance standards as part of our responsibility of being a public listed company.

As part of our commitment to return value to our shareholders, the Board had on 28 August 2015 recommended, subject to the approval of the shareholders being obtained, a first and final single tier dividend of 2 sen per ordinary share of RM0.50 each.


## EXECUTIVE CHAIRMAN'S STATEMENT

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 2016. I look forward to a very exciting year ahead for the Ekovest Group.

**Tan Sri Dato' Lim Kang Hoo**
Executive Chairman
27 November 2015

# PENYATA PENGERUSI EKSEKUTIF

**PARA PEMEGANG SAHAM YANG DIHORMATI,**

BAGI PIHAK LEMBAGA PENGARAH SYARIKAT EKOVEST BERHAD, SAYA DENGAN SUKACITANYA MEMBENTANGKAN LAPORAN TAHUNAN BESERTA DENGAN LAPORAN KUMPULAN DAN PENYATA KEWANGAN KUMPULAN UNTUK TAHUN KEWANGAN BERAKHIR 30 JUN 2015.

Untuk tahun kewangan berakhir 30 Jun 2015, Kumpulan ini telah mencatat keuntungan selepas cukai sebanyak RM20.0 juta di atas hasil sebanyak RM438.0 juta. Ini menunjukkan peningkatan berbanding dengan keuntungan selepas cukai pada tahun yang sebelumnya iaitu sebanyak RM13.2 juta dengan hasil sebanyak RM229.1 juta.

Daripada hasil bernilai RM438.0 juta, Bahagian Pembinaan kami masih menjadi penyumbang terbesar dengan peratusan sebanyak 65% atau nilai sebanyak RM285.4 juta yang diperolehi dari sektor tersebut. Hasil daripada Operasi Tol DUKE menyumbang kira-kira 21% atau RM93.4 juta manakala bahagian pembangunan hartanah pula menyumbang 13% atau RM58.2 juta. Hasil keseluruhan bagi Kumpulan kami masih kukuh dan kami percaya bahawa prestasi tersebut akan kekal berada pada tahap yang memuaskan, pada tahun kewangan semasa disebabkan oleh perkembangan projek EkoCheras dan pembinaan Lebuhraya DUKE Fasa 2 yang mencapai peringkat kemuncaknya.

## PENYATA PENGERUSI EKSEKUTIF

Di persada korporat, kami sentiasa menilai cara untuk mengukuhkan lagi kedudukan kewangan Kumpulan dan juga meneroka cara-cara untuk meningkatkan lagi nilai pemegang saham. Perkembangan syarikat memberi lebih banyak peluang untuk kami mencadangkan pelbagai projek-projek besar. Dengan pelbagai projek infrastruktur mega yang bakal mengambil tempat dalam jangka masa beberapa tahun akan datang seperti jajaran MRT 2 dan projek-projek pembinaan lebuhraya, rekod yang sedia ada beserta dengan kestabilan kewangan yang dimiliki, ianya memberi kelebihan kepada syarikat, dari segi penilaian tawaran kontrak.

Kami akan sentiasa terus bekerja keras dan pada masa yang sama akan mencari peluang untuk memantapkan dan menaikan nilai aset kami. Namun, dengan ketidakpastian keadaan ekonomi tempatan dan antarabangsa, pasti terdapat halangan dan cabaran pada masa akan datang. Akan tetapi, dengan kesabaran, dedikasi, dan falsafah perniagaan yang kami amalkan beserta dengan pengalaman, komitmen, dan kepelbagaian kemahiran pihak pengurusan kanan kami, saya amat pasti bahawa Ekovest akan kekal menjadi contoh dan pemain utama dalam industri bagi tahun yang bakal mendatang dan prospek Ekovest diramalkan cerah dalam jangka masa yang panjang.

Disamping meneruskan legasi kejayaan, kami juga komited dengan Tanggungjawab Sosial Korporat (CSR). Kami terus bergiat aktif dan bekerjasama dengan beberapa buah sekolah bagi membantu serta menyumbang ke arah penambahbaikan sekolah-sekolah tersebut. Saya juga berbangga dengan penglibatan Ekovest Berhad bersama-sama dengan kakitangan syarikat yang telah bekerjasama dengan masyarakat menerusi program “Learning Beyond Classroom Campaign”, yang dianjurkan bersama Dignity for Children Foundation. Program ini memberi peluang kepada kakitangan kami untuk melibatkan diri dengan kanak-kanak dan melakukan aktiviti-aktiviti yang secara fizikalnya tampak kecil akan tetapi ia sebenarnya mendatangkan impak yang besar buat kanak-kanak yang terlibat dengan program tersebut.

Lembaga Pengarah memahami kepentingan dan kelebihan mengamalkan system urus tadbir korporat yang lengkap. Ianya merupakan komitmen kami untuk memenuhi semua piawaian tadbir urus korporat yang menjadi sebahagian daripada tanggungjawab sebagai sebuah syarikat awam yang tersenarai.

## PENYATA PENGERUSI EKSEKUTIF

Sebagai usaha kami mengembalikan nilai kepada pemegang saham, cadangan oleh Lembaga Pengarah pada 28 Ogos 2015 iaitu dividen satu peringkat pertama dan akhir sebanyak 2 sen bagi setiap saham biasa bernilai RM0.50 sesaham, tertakluk atas kelulusan pemegang saham.

Saya ingin melahirkan penghargaan saya kepada para Lembaga Pengarah untuk sokongan, komitmen serta sumbangan yang diberikan. Tidak lupa juga kepada pihak pengurusan kanan yang sentiasa berusaha tanpa mengenal erti penat semata-mata untuk memajukan Kumpulan kami ke tahap yang lebih tinggi. Saya juga ingin merakamkan penghargaan kepada kakitangan Kumpulan Ekovest di atas dedikasi dan komitmen yang diberikan secara berterusan.

Terima kasih kepada pelanggan, rakan niaga, pihak bank, dan semua badan kerajaan untuk sokongan dan keyakinan mereka terhadap Kumpulan kami dalam menyiapkan projek yang telah diamanahkan kepada kami.

Akhir sekali, terima kasih kepada kesemua pemegang saham kami atas kepercayaan, kesabaran, dan komitmen berterusan yang telah diberikan. Kami berpegang teguh kepada amanah yang dihulurkan dan kami akan terus berusaha untuk mencapai kejayaan yang lebih besar pada tahun kewangan 2016. Semoga tahun hadapan lebih menarik bagi Kumpulan Ekovest.

**Tan Sri Dato' Lim Kang Hoo**
Pengerusi Eksekutif
27 November 2015

# 执行主席献词

尊敬的股东们：

**我代表怡克伟士有限公司(Ekovest Berhad)董事局，向您们提呈这份常年报告，集团报告和截至2015年6月30日的财政年报。**

本财政年度，集团营业额是4亿3800万令吉，而税后盈利达2000万令吉。与去年的营业额2亿2910万令吉及税后盈利1320万令吉比较，营业额和税后盈利都已提高了。

4亿3800万令吉的营业额当中，来自建筑组的营业额贡献依然最大，占总额的65%或2亿8540万令吉。大使淡江收费大道（DUKE）的营运则贡献了大约21%或9340万令吉的营业额，至于产业发展组，则贡献了13%或5820万令吉的营业额。集团整体的业绩维持强稳，我们相信集团在现财政年的表现将维持令人满意的水平，因为亿国城（Ekocheras）和大使淡江第二段（DUKE PHASE 2）收费大道的建筑工程正在如火如荼进行中。

# 执行主席献词

企业方面，我们不断寻找及评估更多管道来加强集团的财务状况，并寻找方法提高股东价值。我们如今达到的规模，已让我们有机会竞标大规模的计划。在未来数年会有不少超级规模的基本设施计划投入执行期，例如捷运第二干线（MRT 2）及其他付费大道的建筑工程计划，我们过去的辉煌承建及营运记录和我们所拥有的财务实力，将使我们在接受竞标评估时，占有优势。

我们不断会持续努力并寻找机会，进一步强化及释放我们的资产价值。我了解到在本地及国际经济局势的未知数下，集团在未来年头将会面对挑战及一些障碍。不过，凭着集团的企业核心理念、耐心和排除万难的毅力，及资深管理团队丰富的经验、承诺及多元才能，我肯定怡克伟士将继续成为行业里的典范及主要行家，而怡克伟士的远期前景将是康庄而且辉煌的。

在继续致力追求更辉煌成就的同时，我们未忘履行企业社会责任的承诺。我们积极活跃地与国内学校紧密合作，协助改善学校的状况。我也很高兴集团和员工与儿童尊严基金携手合作，融入本地社区，进行“走到课室外学习的运动”。这项活动让集团员工有机会在一起与儿童交流互动，虽然是小小心意，但对儿童的未来，却肯定会有很大的影响。

集团董事局了解到采纳良好的企业管理的好处和重要性。我们承诺将遵循所有良好管理标准，以履行我们身为一家挂牌公司的责任。

# 执行主席献词

作为我们承诺致力为股东带来更好回酬的一部份，董事局于2015年8月28日建议每股面值50仙普通股派发一次过单层股息2仙，此建议尚待股东大会批准。

我要衷心地向支持、承诺及贡献良多的董事局成员及任劳任怨地工作，把集团推向另一高峰的资深管理层团队致谢。我也在这里向所有勤奋及投入工作的怡克伟士集团员工，表达谢意。

本集团也要向客户、顾客、商业伙伴、金融界、各政府部门及地方政府致以万二分谢意，因为他们持续不断的支持我们，并对本集团有能力完成受委托的工程计划，深具信心。

我更要感谢尊贵的股东们对本集团的信任、耐心、坚定不移的委托及持续不断的信心。我们极重视您们赋予我们的责任，而我们将竭尽所能在未来做得更好，以提呈一份更标青的2016年财政年报。我对怡克伟士集团在来年更奋进及有更辉煌的表现，充满期待。

**怡克伟士执行主席**
**丹斯里拿督林刚河**
2015 11月27日

**Datuk**
**Lim Keng Cheng**
Managing Director

# MANAGING DIRECTOR'S STATEMENT

**DEAR VALUED SHAREHOLDERS,**

THIS YEAR HAS BEEN A VERY ENCOURAGING YEAR FOR US. THE PROGRESS OF OUR DUTA-ULU KELANG EXPRESSWAY ("DUKE") PHASE-2 CONSTRUCTION AS WELL AS THE PROGRESS OF THE EKOCHERAS CONSTRUCTION IS VERY ENCOURAGING. FURTHER, WE ARE ALSO PLEASED TO HAVE LAUNCHED OUR EKOTITIWANGSA DEVELOPMENT WHICH WAS WIDELY RECEIVED BY THE MARKET. WE ARE PLEASED WITH WHAT WE HAVE ACHIEVED IN THE LAST FINANCIAL YEAR AND WILL STRIVE HARDER TO ENSURE THAT THE ACHIEVEMENTS WILL BE SUSTAINABLE.



### Towards a Sustainable Industry

As for our ongoing projects, the DUKE Phase-2 is progressing well with approximately 70% of the project being completed to-date. We expect the progress of the other packages to run smoothly and on-time. Barring unforeseen circumstances, we expect that the DUKE Phase-2 to be fully completed and tollable by end of year 2016.

Prospects for our construction division remain positive. From the latest Economic Report 2015/2016 released by the Ministry of Finance, we note that the construction sector will continue to expand driven by ongoing private investment and the Tenth Malaysia Plan (10MP) projects. The report also states that the construction sector is expected to expand by 8.8% in 2015. This will augur well for our Group as it will provide us with the opportunity to participate in these projects. Key projects which are expected to boost growth include the ongoing MY Rapid Transit (MRT) Line 2 project and light rail transit (LRT) extension, construction of the West Coast Expressway and Central Spine Road from Bentong to Kuala Krai and construction of our own DUKE Phase-2.

We are continuously evaluating and participating in the tender process for new construction projects. However, we have to be careful and selective in our evaluation to ensure that we can return maximum value not only to the client, but to our shareholders as well. Nonetheless, the construction of the RM1.182 billion DUKE Phase-2 as well as the construction of our EkoCheras development will keep our construction division busy for the next few years. The progress of both these projects further emphasise our strength and expertise in the construction industry.

# MANAGING DIRECTOR'S STATEMENT

## Rejuvenating Northern Kuala Lumpur

This year has been a very cautious year for property developers. Home buyers and investors remain sceptical with the various cooling measures introduced to curb rising property prices and speculative activities. Nonetheless, we believe that the market is still in need of supply of residential units to cater and support the development and urbanisation of Kuala Lumpur.

Despite of the challenges and uncertainties faced in the industry, we are delighted to have received good responses from the public ever since the launch of our EkoTitwangsa project in June 2015. EkoTitiwangsa consists of 696 units of service apartments together with 32,000 square feet of retail space. Other facilities available includes recreational facilities such as the swimming pool, a well-equipped gym and landscaped deck. The commercial retail space & alfresco F&B will be located at ground floor level and visually linked to KL River City. The EkoTitwangsa will also have the first of its kind connectivity with seamless integration with the DUKE Highway, at grade Jalan 6/48A and also future connectivity to other public transport system.

Our property development division has been busy with other strategic projects on our Group's remaining 22 acres landbank located in the Setapak and Gombak area. We are extremely excited by the prospects of our property development division as a substantial portion of our Group'sland bank is located within the vicinity of the River of Life project with easy access through the existing DUKE and DUKE Phase-2. Our vision of creating a world class riverfront development along the Gombak River is gaining momentum and we are looking to deliver some of the most vibrant commercial and residential properties in this area.

The EkoTitiwangsa together with our EkoPark Place, EkoQuay, EkoAvenue and our flagship EkoGateway, will provide a holistic development plan to transform and modernise northern Kuala Lumpur city center. With the low entry point in which we acquired our lands previously, we look forward to unlock the full potential of these landbanks in the future.

Although we are anxious of some of the cooling measures to curb speculation and rising house prices, we believe that our long term presence and commitment towards redeveloping northern Kuala Lumpur will allow us the flexibility to ensure that we are able to return value not only to our stakeholders but also to the community around the developments.

## Value Beyond Miles

The DUKE and DUKE Phase-2 has been well received with a plentiful of positive feedback from road users and we are humbled by some of the compliments received. The 18 kilometre expressway has managed to deliver value to users with the benefits it brings, such as time savings that cannot be measured by ringgits and cents. Our constant engagement with the public has proven to a beneficial correspondence to find solutions that eases traffic woes and we look forward to provide city dwellers with alternative routes that bring value beyond miles.

## MANAGING DIRECTOR'S STATEMENT

### Value Beyond Miles (Cont'd)

We will soon have a one of a kind Park & Ride facility in "SEGAR", acronym for Segambut Rest & Service Area, with close to 4,000 parking spaces and complete with its own commercial and F&B outlets. This is part of the holistic effort to ensure vibrancy at the facility and also to improve the efficiency and flexibility of the transportation system in Kuala Lumpur as a whole. SEGAR will be accessible directly from the DUKE Phase-2 with seamless connectivity to a KTM Komuter station, within walking distance. This will provide travelers with more alternatives in moving in and out of the city center. We expect this concept of seamless integration between highways and rail system to be a successful model for others to follow and a catalyst to support the future development of Kuala Lumpur.

### Stronger Together

To our business partners, associates and clients, 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 Kerja Raya, Kementerian Wilayah Persekutuan, Economic Planning Unit of the Prime Ministers Department, PEMANDU, Lembaga Lebuhraya Malaysia and Dewan Bandaraya Kuala Lumpur.

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.

We are also pleased to report that all toll plazas on the DUKE have converted to full electronic tolling from 9 September 2015 and now accepts payments by Touch n' Go and Smart Tag. The transformation from cash based payments to cashless ETC systems is much needed as it will contribute and help promote efficiency in the day-to-day operations.

Prospect of the toll concession remains very positive and upon completion of the DUKE Phase-2, the entire 34 kilometre DUKE is expected to be an attractive alternative and a primary access for the upcoming developments in Northern Klang Valley and will be a major east-west link in the northern corridor that will provide vital link for connectivity around the Kuala Lumpur city centre.

Lastly, allow me to express my gratitude to the shareholders of Ekovest Berhad for your unrelenting support over the years, which have inspired and encouraged us to achieve all that we have thus far.

**Datuk Lim Keng Cheng**
Managing Director
27 November 2015


## CORPORATE SOCIAL RESPONSIBILITY

We recognise our social obligations to society and is striving for a balanced approach in fulfilling our key objectives and expectations to stakeholders. This year, Ekovest Berhad have dedicated to giving back to our stakeholders while embracing the three pillars of our Corporate Social Responsibility (CSR) approach, comprising of Education, Community, Employee and Sustainability.

Our CSR Programmes is to provide a meaningful contribution to Community around us and also strive to continually build positive relationships by actively engaging with our surrounding Community. The Group encourages employees to share their expertise and support their communities through participation in our programmes. Our focus on creating value for society, the environment, and our business is reflected in the breadth of our commitments.

The Group is committed and will carry on its efforts further to enhance our corporate social responsibilities in order to provide a meaningful contribution to the community around us and to

promote a sustainable and eco-friendly development. Via our CSR initiatives, we have been able to balance our financial performance with our social and environmental impacts to create a company that is not only productive and efficient but also caring and sensitive to the needs of the community and the environment in which we operate.

Conclusively, we are committed to being a responsible company and making a positive contribution to society and the environment. This helps us inspire trust in our brand, develop strong relationships with our stakeholders, and create long-term value for society and our business.

### EDUCATION
### DIGNITY FOR CHILDREN FOUNDATION: LEARNING BEYOND CLASSROOM CAMPAIGN

This year we organized our Learning Beyond Classroom Campaign, in collaboration with Dignity for Children Foundation. Dignity for Children Foundation is an education institution located in Sentul Boulevard. They aim to empower underprivileged urban poor children and break the cycle of poverty through quality education. The institution has positively transformed their lives and the community around them. Dignity for Children Foundation is a learning centre which provides academic and social education for 15 years to more than 1,000 poor and vulnerable children ranging from 2 to 17 years of age, from pre-school to Form 5. Learning Beyond Classroom Programme, compromising of visits to educational and interactive centres around Kuala Lumpur, aims to close the gap between the stakeholders and the community around us as part of our contribution.

# CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

## CONTRIBUTION TO SCHOOLS

During the year, contributions were made to various schools to assist them in fulfilling their programme to improve the infrastructure, teaching aids and the well-being of its students. Benefitting not only the educational institutions, we believe that the moral support should be given to the students to ensure that they are highly motivated to do well in their studies. In line with our core expertise in construction activities, we have been working closely with various schools and have assisted and contributed towards the improvement of infrastructure available in these schools. Our senior management were also invited to the schools to share their experience and life philosophy with the future generation in order to keep them motivated to strive for great heights and also to share lessons in life which we hope will prepare them for the journey ahead of them.

## COMMUNITY
### BANTUAN BANJIR

This year, more than 100,000 people were evacuated from their homes in parts of northern Malaysia which was hit by the country's worst monsoon floods. In aid of the flood victims, we gave financial donations to assist and provide for supplies and necessities to be bought and distributed to the affected families. Not content with just monetary donation, we further assisted in the "Misi Bantuan Banjir" by providing the logistics needed to ensure that the supplies were reaching their intended recipients. Moreover, we also sent a team of volunteers together with machineries to assist in the clean-up of affected areas devastated by the floods.

#### PUBLIC ACCEPTANCE SURVEY

We understand that one of our main goals is to improve the well-being of our consumers, and to reinstate this motion, we had carried out a Public Acceptance Survey for the proposed development of our DUKE Phase 3 Project. The Public Acceptance Survey was conducted in association with Monash University to enthusiastically determine the public's sentiments of the proposed highway and also to get feedback from the public on the areas of concerns during the construction and the operations of the highway. We are delighted that the alignment was overwhelmingly accepted by the public with a 96% approval rate for the project. We remain incredibly proud of the efforts we have made to tackle sustainability issues, support important causes and help local communities.

#### HARI RAYA KORBAN

Part of the festive period of Hari Raya Aidiladha, we took the opportunity to participate in the festivities. The Group donated a total of 14 cows for "Ibadat Korban" to mosques within close vicinity to the DUKE. Moreover, 20 officers and staff from the DUKE offices were on hand to participate at the mosques for the Korban.

## CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

### EMPLOYEE A CONDUCIVE WORKPLACE

We believe in nurturing a healthy workforce in the firm belief that good health is vital to a sharp mind, and, consequently, productivity. As part of our efforts to ensure our employees have a good work-life balance, over the course of the year, we have ensured their participation in various events such as the BURSA Bull Charge Challenge and have signed on our employees to participate in the Standard Chartered KL Marathon.

We encourage employees to support local community programs by donating their time. Volunteering helps our people gain new perspectives, develop leadership skills, and work better as a team. Many employees include volunteering in their personal development plans. Whether it be making time during their weekends, or a payment-in-kind to fund a social enterprise to help the Community, the Group adamantly believes in the power of collective help.


**SUSTAINABILITY**

Pledge to CIDB & Envision Sustainable Rating System

As part of Ekovest philosophy of ensuring sustainability in doing business, we had on 10 April 2015 signed the "Sustainable Infrastructure in Malaysia Pledge" to reduce environmental damage and the maintenance cost of buildings. 13 organisations were involved in the collaboration which include Lembaga Pembangunan Industri Pembinaan Malaysia ("CIDB"), Public Works

Department, Malaysian Highway Authority, Prof Dr S N Pollalis Inc, Universiti Sains Malaysia and Universiti Teknologi Mara. Ekovest, being in the forefront of the construction industry have given its commitment to work towards enhancing the sustainability and resilience of the Malaysia's building industry and environment.

The DUKE Phase-3 has also been selected as the pioneer highway infrastructure project in Malaysia to be rated under the Envision Sustainable Infrastructure Rating System. Envision is the product of a joint collaboration between the Zofnass Program for Sustainable Infrastructure at the Harvard University Graduate School of Design and the Institute for Sustainable Infrastructure. Envision provides a holistic framework for evaluating and rating the community, environmental, and economic benefits of all types and sizes of infrastructure projects. It evaluates, grades, and gives recognition to infrastructure projects that use transformational, collaborative approaches to assess the sustainability indicators over the course of the project's life cycle.

# DIRECTORS' PROFILE

## TAN SRI DATO' LIM KANG HOO
EXECUTIVE CHAIRMAN

TAN SRI DATO' LIM KANG HOO, aged 60, 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 38 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 led grow by leaps and bound. At present, he is a Non-Executive Director 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.

## DATUK LIM KENG CHENG
MANAGING DIRECTOR

DATUK LIM KENG CHENG, aged 53, Malaysian, was appointed as the Managing Director of Ekovest Berhad on 16 May 2011. He has more than 32 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, Datuk 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, Datuk 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. Datuk Lim also holds directorship in several private limited companies which includes amongst others, Iskandar Waterfront Holdings Sdn Bhd.

## MR. KHOO NANG SENG @ KHOO NAM SENG
EXECUTIVE DIRECTOR

MR. KHOO NANG SENG @ KHOO NAM SENG, aged 75, Malaysian, is the co-founder of Ekovest Berhad and has been an Executive Director of Ekovest Berhad since its incorporation on 2 January 1985. He was trained in Technical College, Kuala Lumpur in civil engineering. Upon graduation, he joined and served the Jabatan Kerja Raya for 6 years. In 1970, he ventured into the construction business on his own. Subsequently, in 1972, he teamed up with Tan Sri Dato' Lim Kang Hoo to form a partnership which resulted in the Ekovest Berhad of today. At present, he is also a Director of several other private limited companies. He has contributed significantly to the growth of the Ekovest Berhad Group.

## MADAM LIM HOE
EXECUTIVE DIRECTOR

MADAM LIM HOE, aged 63, 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, Madam Lim joined Ekovest Berhad in 1988 and has since risen to the position of Senior General Manager. She has more than 40 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 staff during the formative years of Ekovest Berhad. She is also a Director of several private limited companies.

## MS. KANG HUI LING
SENIOR INDEPENDENT AND NON-EXECUTIVE DIRECTOR

MS. KANG HUI LING, aged 43, 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 AND NON-EXECUTIVE DIRECTOR

MS. LIM TS-FEI, aged 52, 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 assistance in the same firm for eight years. She is presently a partner of the firm.

## DR. WONG KAI FATT
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

DR. WONG KAI FATT, aged 68, 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.

# DIRECTORS' PROFILE

## MR. CHOW YOON SAM
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

MR. CHOW YOON SAM, aged 69, 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 is also an Independent Non-Executive Director of Iskandar Waterfront City Berhad.

## MR. LEE WAI KUEN
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

MR. LEE WAI KUEN, aged 49, 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 20 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 HERNG
ALTERNATE DIRECTOR TO TAN SRI DATO' LIM KANG HOO

MR. LIM CHEN HERNG, aged 29, Malaysian was appointed to the Board of Directors of Ekovest Berhad on 27 February 2014. 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.

## MR. WONG KHAI SHIANG
ALTERNATE DIRECTOR TO LIM HOE

MR. WONG KHAI SHIANG, aged 37, 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 14 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.

# DIRECTORS' PROFILE

## MR. LIM DING SHYONG
ALTERNATE DIRECTOR TO DATUK LIM KENG CHENG

MR. LIM DING SHYONG, aged 28, 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. He has been a Project Engineer in Ekovest Berhad since 1 February 2012. He is currently involved in the planning, design and construction of the extension of Duta-Ulu Kelang Expressway ("DUKE Phase-2") 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 is also actively involved in the sales and marketing activities of EkoCheras, Ekovest's maiden property development project in Cheras.

### Conflict of interest

There is no conflict of interest between the Directors and the Group except for the recurrent related party transactions where the Directors have interest, as disclosed in the Note 34 of the Audited Financial Statements.

### Conviction for offences

None of the Directors have been convicted for any offences (except traffic offences) within the last 10 years.

### Family relationship

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

Tan Sri Dato' Lim Kang Hoo and Madam Lim Hoe are siblings.

Datuk Lim Keng Cheng is a nephew to Tan Sri Dato' Lim Kang Hoo and Madam Lim Hoe.

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

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

Mr Lim Ding Shyong is a son of Datuk Lim Keng Cheng and grandnephew to Tan Sri Dato' Lim Kang Hoo and Madam Lim Hoe. He is also a nephew to Mr Lim Chen Herng and Mr Wong Khai Shiang.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Ekovest Berhad (**"the Board"**) is pleased to report that for the financial year under review, the Board continued to apply good governance practices in managing and directing the business of the Group by adopting the principles and the best practices prescribed in the Malaysian Code on Corporate Governance 2012 (**"MCCG 2012"**) as issued by the Securities Commission Malaysia (**"SC"**). The objective is to protect and enhance shareholders' value and the financial performance of the Group.

## A. BOARD OF DIRECTORS

### 1. ROLES AND RESPONSIBILITIES

The objective of the principles stated in the MCCG 2012 sets out the fundamental structures for effective functioning of the board. Towards this end, the Board has formalized its terms of reference in its Board Charter outlining the fundamental structure and functions of the Board. The Board Charter is available in our Group's website at www.ekovest.com.my for stakeholders' information.

Principally, the responsibilities of the board cover the areas of strategic plan, risk management, succession planning, investor relation and system of internal control of the Group. The Board acknowledges these responsibilities for directing and ensuring the Group is properly managed and continuously improves its performance. The Board delegates certain responsibilities to Board Committees operating within defined terms of reference to assist the Board in the execution of its duties and responsibilities. The respective Committees report to the Board on matters discussed and deliberated and makes recommendations to the Board for final decision. The Board Committees include the Audit Committee, Remuneration Committee and Nomination Committee.

### 2. BOARD COMPOSITION AND INDEPENDENCE

The current composition of the Board comprises of highly qualified and experienced individuals and their combined expertise and business experience provides insights and diversity of perspective to lead and guide the Group in an increasing complex and competitive business environment. The profiles of the members of the Board are set out on pages 30 to 33 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. We had also appointed three (3) Alternate Directors. In this regard, the Board's composition complies with paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), whereby at least one-third (1/3) of the Board to be independent. Further, as our Board is headed by an Executive Chairman, the Board is currently represented by majority of Independent Non-Executive Directors (5/9) which provides unbiased, objective and independent view, advise and judgment to ensure proper check and balance in the Board. The Board will also conduct annual assessment on the independence of its Independent Directors focusing on events that would affect their ability to continue to bring in independent and objective judgment during board deliberation.

In addition, the Board recognises the importance of gender diversity in the board and encourages female participation in the board. Presently, the Board has three (3) female members, which makes up of one third (1/3) of the board composition.

Conventionally, the Executive Chairman, Managing Director and Executive Directors are responsible for the Group business operations while the Non-Executive and Independent Directors play a pivotal role by bringing objective judgment and views into the Board's deliberation and decision making processes. The roles of the Executive Chairman and Managing Director are assumed by different directors. Ms Kang Hui Ling has been identified as the Senior Independent Non-Executive Director providing another channel of communication for the shareholders.

## A. BOARD OF DIRECTORS (CONT'D)

### 3. BOARD MEETINGS

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 minuted 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 SC. Matters requiring Board decisions and approval during the intervals between the Board meetings are circulated and approved through circular resolutions.

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

| Name of Director | Total Meetings Attended |
|---|---|
| Tan Sri Dato' Lim Kang Hoo | 5/5 |
| Datuk Lim Keng Cheng | 5/5 |
| Khoo Nang Seng @ Khoo Nam Seng | 5/5 |
| Lim Hoe | 5/5 |
| Kang Hui Ling | 5/5 |
| Lim Ts-Fei | 5/5 |
| Chow Yoon Sam | 5/5 |
| Dr. Wong Kai Fatt | 5/5 |
| Lee Wai Kuen | 5/5 |

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the MMLR.

### 4. ETHICS AND CODES

The Board is fully supportive of the principles of its Corporate Code of Conduct and expects the Company and its employees to uphold the same principles in its business activities.

### 5. SUPPLY OF INFORMATION

It is recognised that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of the business and to evaluate the management performance of the Group.

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 to allow sufficient time for the Directors to review, consider and obtain further explanations before the meeting, where necessary, on the issues to be discussed.

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 Directors.

The Chairman of the Audit Committee would report the outcome of the committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

# STATEMENT ON CORPORATE GOVERNANCE

## A. BOARD OF DIRECTORS (CONT'D)

### 6. APPOINTMENT & RE-ELECTION TO THE BOARD

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board to fill a casual vacancy or as an addition to the existing Directors are subject to re-election by shareholders at the next Annual General Meeting ("AGM"). The Articles also provide that every Director is required to retire by rotation at least once every three years at the AGM and the Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. All retiring Directors are eligible to offer themselves for re-election at the AGM. Directors over 70 years of age will be required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Board continuously reviews its size and composition with particular consideration on its impact on effective functioning of the Board.

Any proposed candidate for the appointment as Director of the Board will be recommended by the Nomination Committee to the Board for full deliberation.

### 7. BOARD INDEPENDENCE

Independence is important for ensuring objectivity and fairness in board's decision making.

In order to uphold independence of Independent Directors, the Board has adopted the following recommendation of the Code as Board's policies:-

- Subject to Board's justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative nine (9) years; and

- Undertake annual assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory defintion of Independent Directors.

### 8. TRAINING

Board recognises the needs to attend trainings in order to enhance their skills and knowledge and to keep abreast with the relevant change in laws, regulations and business environment so that they could discharge their duties effectively. During the year, the Company organised a training course titled 'Family Business Management: Transgenerational Entrepreneurship' for the benefit of all the Directors and senior management. All the Directors attended the course. The Company will continue to organise development and training programmes for the benefit of Directors and in addition, the Directors individually are encouraged to equip themselves on the new developments in the business environment by attending other relevant courses, trade fairs, seminars and conferences.

### 9. BOARD COMMITTEES

To assist the Board in the discharge of its oversight function, the Board has delegated certain responsibilities to Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater objectivity and independence are provided in the deliberations of specific agenda. The Chairman of the respective Board Committees would report to the Board during the Board meetings on matters deliberated in the respective Committees together with its recommendation. The ultimate responsibility for the final decision on all matters, however, rest with the entire Board.

#### Audit Committee

The composition, terms of reference and summary of the Audit Committee activities during the financial year are set out separately in the Audit Committee Report on page 44 to 46 of this Annual Report.

## A. BOARD OF DIRECTORS (CONT'D)

### 9. BOARD COMMITTEES (CONT'D)

#### Nomination Committee

The Nomination Committee comprise of 5 Independent Non-Executive Directors and the members of the Nomination Committee as at the date of this statement are as follows:

**Ms Kang Hui Ling**
Chairman (Senior Independent and Non-Executive)

**Ms Lim Ts-Fei**
Director (Independent and Non-Executive)

**Dr Wong Kai Fatt**
Director (Independent and Non-Executive)

**Mr Chow Yoon Sam**
Director (Independent and Non-Executive)

**Mr Lee Wai Kuen**
Director (Independent and Non-Executive)

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 training 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.

All Directors shall abstain when matters affecting their own interests are discussed.

During the financial year under review, the Nomination Committee has carried out a review on the composition of the Board and the profile of each Director. The Nomination Committee has also carried out an assessment of the Board, Board Committees and individual Directors in relation their performance and contribution towards meeting the needs of the Company. The evaluation took into consideration the competency, experience, character, integrity and time availability, including the mix of skills, of the Directors concerned. Finally, the Nomination Committee has reviewed the training needs of the Directors to ensure that they are acquainted with the latest development and changing environment in which the Company's operates.

# STATEMENT ON CORPORATE GOVERNANCE

## A. BOARD OF DIRECTORS (CONT'D)

### 9. BOARD COMMITTEES (CONT'D)

**Remuneration Committee**

The Remuneration Committee comprises of 5 Independent Non-Executive Directors and the members of the Remuneration Committee as at the date of this statement are as follows:-

**Ms Kang Hui Ling**
Chairman (Senior Independent and Non-Executive)

**Ms Lim Ts-Fei**
Director (Independent and Non-Executive)

**Dr Wong Kai Fatt**
Director (Independent and Non-Executive)

**Mr Chow Yoon Sam**
Director (Independent and Non-Executive)

**Mr Lee Wai Kuen**
Director (Independent and Non-Executive)

The terms of reference of the Remuneration Committee are as follows:-

- To make recommendations to the Board, the remuneration, fees and other remuneration packages payable to Executive Directors;
- To recommend to the Board any performance related pay schemes for Executive Directors; and
- Assist the Board in ensuring the remuneration of the Directors reflects the responsibility, expertise and commitment of the Director concerned.

The remuneration for the Executive Directors is aligned to individual and corporate performance. All Directors' remunerations are determined by the Board as a whole while fee payable to Directors are subject to shareholders' approval.

Individual Directors do not participate in the deliberation and will abstain in the decision regarding their own remuneration package.

The details of Directors remuneration for the financial year ended 30 June 2015 are disclosed below.

The number of Directors with total remuneration falling into the following different bands is as follows:-

| Remuneration Band (RM) | No of Executive Directors | Number of Non-Executive Directors |
|---|---|---|
| Up to 50,000 | - | 5 |
| 600,001 to 650,000 | 1 | - |
| 850,001 to 900,000 | 2 | - |
| 2,050,001 to 2,100,000 | 1 | - |
| **Total** | 4 | 5 |

## A. BOARD OF DIRECTORS (CONT'D)

### 9. BOARD COMMITTEES (CONT'D)

**Remuneration Committee (Cont'd)**

The aggregate remuneration of the Directors categorised into appropriate components is as follows:-

| | Executive Directors (RM) | Non-Executive Directors (RM) | Total (RM) | % |
|---|---|---|---|---|
| Fees | 80,000 | 100,000 | 180,000 | 3.96 |
| Salaries | 3,528,000 | - | 3,528,000 | 77.57 |
| Bonuses | 300,000 | - | 300,000 | 6.60 |
| EPF | 459,360 | - | 459,360 | 10.10 |
| Estimated value of benefits-in-kind | 80,600 | - | 80,600 | 1.77 |
| **Total** | 4,447,960 | 100,000 | 4,547,960 | 100 |

## B. SHAREHOLDERS

### 1. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Group values the need and importance of effective and clear communication with shareholders and investors. As such, the Group ensures timely dissemination of information through appropriate communication channels to shareholders and investors to ensure that they are properly informed of major developments of the Group. Such information is communicated to them through the Annual Report and the various disclosures and announcements made to Bursa Securities from time to time. The results of Ekovest Group are also published quarterly via Bursa Securities and these information and documents are accessible at www.bursamalaysia.com. The Company also attends to the requests of analyst and fund managers from time to time.

The Group maintains its website at www.ekovest.com.my and contains essential corporate information of the Group for the interest of the general public. 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. The Group has also leveraged on its corporate website to communicate, disseminate and add depth to the governance reporting and information such as the board charter is available on-line.

### 2. GENERAL MEETINGS

The Company's general meetings are an important avenue for dialogue with shareholders as it provides them with the opportunity to seek clarification on the Group's strategy, performance and major developments. Board members, senior management and the Group's external auditor as well as the Company's advisers, where relevant, are available to respond to shareholders queries during the AGM or Extraordinary General Meeting, as the case maybe. Notices of each general meeting are issued on a timely manner to all shareholders to ensure that they have sufficient time to prepare and digest issues to be raised during the meeting. As part of our agenda to ensure transparency, all queries received by the Minority Shareholders Watchdog Group are also presented in the general meeting for the benefit of all shareholders. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation in the meetings.

Shareholders have the right to demand a poll vote at general meetings and poll voting is mandated for all related party transactions that require specific shareholders' approval as per the MMLR.

# STATEMENT ON CORPORATE GOVERNANCE

## C. ACCOUNTABILITY AND AUDIT

### 1. FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly announcements of the unaudited consolidated financial results to shareholders, the Board has taken reasonable steps to ensure a balance assessment of the Group's financial position and prospects. The integrity of financial reporting is influenced by the competency, quality and integrity of the management in charge of the preparation of financial reports and the competency, suitability and independence of external auditors. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process and the quality of its financial reporting.

### 2. RISK MANAGEMENT AND INTERNAL CONTROL

Board acknowledges that risk management is an integral part of good governance and that risks are inherent in all business activities. Therefore, the Group's main objective in its risk management framework is to provide a structural means to identify, prioritise and manage the risks involved in all the Group's activities. The Board recognises that it is impossible to eliminate risk totally but the key to an effective risk management framework is to find the right balance between the cost and benefits of managing and treating risks, and the anticipated returns that will be derived from it.

The Statement on Risk Management and Internal Control is set out on page 41 to 43 of this Annual Report and provides an overview of the state of internal controls within the Group.

### 3. RELATIONSHIP WITH EXTERNAL AUDITORS

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 Audit Committee review processes, the Audit Committee 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. Annually, the Audit Committee also reviews the appointment, performance and remuneration of the external auditors before recommending them to the shareholders for re-appointment in the AGM.

## D. 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, 1965 and applicable financial reporting standards 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 2015, 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 have been followed in the preparation of the financial statements.

# 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 for the financial year ended 30 June 2015. 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 RESPONSIBILITY

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place to help the Group to achieve its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

Principally, the Guideline suggests the Board to:

- Embed risk management in all aspects of the Group's activities, which also encompasses subsidiaries of the Company; and

- Review risk management framework, processes, responsibilities and assessing whether the present policies and systems provide reasonable assurance that risk is managed appropriately.

Collectively, the Board oversees and reviews the conduct of the Group's business while Executive Directors and management execute measures and controls to ensure that risks are effectively managed.

## 3. RISK MANAGEMENT

The Group has an on-going process for identifying, evaluating and managing significant risks facing the organization. Functionally, all Executive Directors and senior management regularly identify and manage the business risks faced by the Group in order to ensure that business operations are under control and corporate targets and objectives are achieved. This function is embedded and carried out as part of the Group's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary.

During the financial year, the Group has further enhanced their existing risk management practices. This includes conducting risk awareness workshop to raise awareness to cover the line management on the importance of managing risk and formalising the Group's risk management manual and applying principles in assessing and managing risk.

In carrying out the risk assessment process, all Heads of Department from various business segments have conducted several discussion to identify, analyse, evaluate and prioritise risks. This is to ensure adequate attention and focus for risk management are placed appropriately and timely in accordance with the perceived and anticipated risk magnitude. All identified risks are documented in a risk register to assist Management in monitoring risks. The risk register is reported and deliberated in the Board meeting. This is to ensure that adequate actions are taken to address the risks.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## 4. REVIEW MECHANISM

In order to ensure the objectivity of the review of the systems of internal control and risk management framework in the Group, the Audit Committee is instituted by the Board to undertake this role. In conducting its review, the Audit Committee is assisted by the internal auditors who report to the Audit Committee quarterly on the state of control of the audited functions. Additionally, the Audit Committee obtains feedback from the external auditors on the risk and control issues highlighted by them in the course of their statutory audit.

Management further supplements the Audit Committee review on control and risk assessment when presenting their quarterly financial performance and results to the Audit Committee. With the management consultation, the Audit Committee reviews and analyses the interim financial results in corroboration with budget, management reports on operations, its business development and the performance of its subsidiaries as well as deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors

## 5. OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- 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;
- Written policies and procedures on key processes of the Group; and
- Monthly management reporting procedures for monitoring and tracking of performance of the Group.

## 6. MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Guidelines, management is responsible to the Board for:

- identifying risks relevant to the business of the Group, achievement of objectives and strategies implementation;
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, taking action as appropriate and promptly bringing these to the attention of the Board.

The Board has received assurance from Managing Director and Chief Financial Officer that, to the best of his 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

In making this Statement, the Board had considered the Guidelines.

For the financial year under review, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses.

### 7. BOARD ASSURANCE AND LIMITATION (CONT'D)

Nonetheless, the Board wishes to reiterate that risk management and internal control should be continuously improved in line with the evolving business development. It should also be noted that risk management systems and systems of internal control are only 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

The external auditors had reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the year ended 30 June 2015 and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the systems of internal control of the Group.

# AUDIT COMMITTEE'S REPORT

The Board of Directors of Ekovest Berhad ("the Board") is pleased to present the Audit Committee Report for the financial year ended 30 June 2015.

## MEMBERS OF THE AUDIT COMMITTEE

The composition requirement of the Audit Committee members is in accordance with the regulatory requirements. The Audit Committee Chairman has access to all the Executive Directors, senior management, external and internal auditors. On a separate note, the Board is mindful of the Main Market Listing Requirements ("MMLR") on the review of the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years. The review of the terms of office and performance of the Audit Committee and each of its members are carried out annually.

As at the date of this report, the Audit Committee comprises of 5 Independent Non-Executive Directors. During the financial year under review, a total of five (5) Audit Committee meetings were held and the record of attendances of the members is as follows:-

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

**Secretary**
The Company Secretary shall be the Secretary of the Audit Committee.

The Audit Committee meetings were also attended by the external auditors and the internal auditors, when necessary.

## TERMS OF REFERENCE

### 1. Composition

The members of Audit Committee shall be appointed by the Board from amongst the Directors, excluding Alternate Directors, and shall consist of not less than 3 members and all the members shall be Non-Executive Directors with the majority of whom shall be Independent Non-Executive Directors. At least one (1) member of the Audit Committee:

(a) must be a member of Malaysian Institute of Accountants;

(b) if he / she is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

i) he / she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

ii) he / she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

## TERMS OF REFERENCE (CONT'D)

### 1. Composition (Cont'd)

(b) if he / she is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:- (Cont'd)

iii) he/she must be a person approved under Practice Note No. 13/2002 on the MMLR of Bursa Malaysia Securities Berhad.

The Chairman of Audit Committee must be an Independent Non-Executive Director and shall be elected from amongst the Audit Committee members.

If a member resigns, dies or for any other reason ceases to be a member of the Audit Committee with the result that the number of members is reduced below 3, the Board shall, within 3 months of that event, appoint such number of new members as may be required to make up the shortfall.

The term of office and performance of Audit Committee members shall be reviewed by the Board once every 3 years.

### 2. Quorum

The quorum of Audit Committee meeting shall be 2 members of whom the majority of members present shall be Independent Non-Executive Directors.

### 3. Authority

The Audit Committee shall:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Group;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) be able to obtain independent and professional advice; and

(f) be able to convene meetings with the external auditors independently, whenever deemed necessary.

### 4. Meetings

The Audit Committee is to meet at least four (4) times a year. Other Board members, senior management, internal auditors, a representative of the external auditors and other authorised officers may attend the meetings upon the invitation from the Audit Committee.

The Chairman of Audit Committee reports the proceedings of meeting to the Board at the Board meeting.

### 5. Scope and Function

The Audit Committee shall review and report to the Board on the following key matters:

(a) To review the appointment, resignation, conduct and audit plans of the internal and external auditors;

(b) To review the assistance given by the employees of the Company to the external auditors and the internal auditors;

# AUDIT COMMITTEE'S REPORT

## TERMS OF REFERENCE (CONT'D)

### 5. Scope and Function (Cont'd)

The Audit Committee shall review and report to the Board on the following key matters: (Cont'd)

(c) To review the quarterly results and year-end financial statements, prior to the approval by the Board;

(d) To review any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(e) To review and report to the board of the state of the systems of internal control of the Group; and

(f) To review the adequacy of the scope, functions, competency and resources of the internal audit function, and the internal audit programme and results of the internal audit process to ensure that appropriate actions are taken on the recommendations of the internal audit function.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 30 June 2015, the activities of the Audit Committee covered, amongst others, the followings:-

(a) reviewed the audit planning memorandum with external auditors;

(b) reviewed the Reports and Financial Statements of the Group for the financial year ended 30 June 2015 with the external auditors;

(c) reviewed the unaudited quarterly financial results of the Group prior to the approval of the Board;

(d) reviewed the proposed shareholders' circular on Recurrent Related Party Transactions;

(e) reviewed the internal audit plan presented by the internal auditors;

(f) reviewed the internal audit reports and discussion on the audit findings, recommendations and management's response arising from the internal audits;

(g) met with the external auditors twice during the financial year without the presence of any executive Board members present; and

(h) reviewed the Corporate Governance Statement, Audit Committee Report and the Statement on Risk Management and Internal Control for the financial year ended 30 June 2015 and recommended their adoption to the Board.

## INTERNAL AUDIT FUNCTION

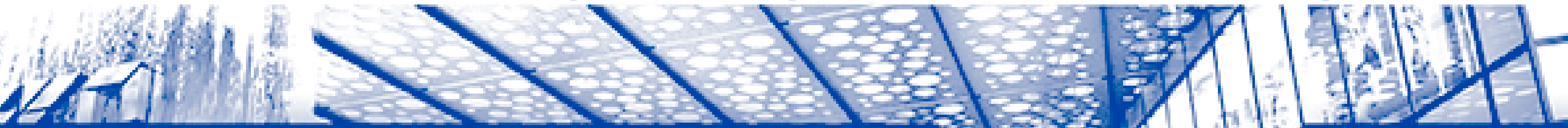
The MMLR provide that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the Audit Committee.

The Company outsourced its internal audit function to an internal audit consulting company. 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 Audit Committee in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a strong management control environment.

Quarterly, internal audit reviews are carried out in accordance with the internal audit plan approved by the Audit Committee. Prior to the presentation of reports and findings to the Audit Committee, comments from the management are obtained and incorporated into the internal audit findings and reports. In addition, the internal audit function follow-up with the management on the implementation of recommendations provided in its earlier reports.

During the financial year, the internal auditors had attended four (4) Audit Committee meetings. The fees incurred during the current financial year for the internal audit function of the Group is RM66,250 (2014: RM55,000).

# FINANCIAL STATEMENTS





# DIRECTORS' RESPONSIBILITY STATEMENT
## FOR THE YEAR ENDED 30 JUNE 2015

Directors' Responsibility Statement pursuant to Paragraph 15.26 (a) of Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2015 consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

The Directors are responsible for ensuring that the Group and Company maintain accounting records which disclose with reasonable accuracy the financial position of the Group and Company, which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965. The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

# FINANCIAL HIGHLIGHTS

| | Group 2011 RM'000 | Group 2012 RM'000 | Group 2013 RM'000 | Group 2014 RM'000 | Group 2015 RM'000 |
|---|---|---|---|---|---|
| Gross Revenue | 128,175 | 208,948 | 140,966 | 229,126 | 438,015 |
| Profit Before Tax | 35,558 | 84,179 | 66,745 | 7,726 | 31,766 |
| Taxation | (11,208) | (11,535) | (16,710) | 5,474 | (11,760) |
| Profit After Tax | 24,350 | 72,644 | 50,035 | 13,200 | 20,006 |
| Non-controlling Interests | - | - | 36 | 33,911 | (1,494) |
| Profit Attributable To Shareholders | 24,350 | 72,644 | 50,071 | 47,111 | 18,512 |
| Share Capital | 178,794 | 178,794 | 305,517 | *427,724 | *427,724 |
| Reserves | 165,981 | 231,920 | 473,907 | 670,863 | 754,719 |
| Shareholders Funds | 344,775 | 410,714 | 779,424 | 1,098,587 | 1,182,443 |
| Represented By: | | | | | |
| Property, Plant and Equipment | 127,070 | 104,219 | 110,956 | 107,645 | 59,411 |
| Investment Properties | 28,829 | 49,013 | 57,262 | 62,709 | 160,339 |
| Land Held for Development | 21,654 | 50,327 | 85,039 | 34,472 | 105,899 |
| Concession Assets | - | - | 1,483,605 | 1,579,610 | 1,796,922 |
| Investments In Associates | 618 | 611 | - | - | - |
| Other Investments | 199,456 | 218,787 | - | - | - |
| Deferred Tax Assets | - | 10,528 | 6,227 | 5,521 | 2,665 |
| Current Assets | 218,995 | 200,663 | 282,319 | 1,623,190 | 1,545,614 |
| Current Liabilities | (241,346) | (215,143) | (304,436) | (338,383) | (461,753) |
| Non-current Liabilities | (10,501) | (8,291) | (799,495) | (1,972,978) | (2,021,961) |
| Non-controlling Interests | - | - | (142,053) | (3,199) | (4,693) |
| | 344,775 | 410,714 | 779,424 | 1,098,587 | 1,182,443 |
| Net Tangible Assets Per Share (RM) | 1.93 | 2.30 | 2.55 | 1.28 | 1.38 |
| Gross Earnings Per Share (RM) | 0.20 | 0.47 | 0.22 | 0.01 | 0.04 |
| Net Earnings Per Share (RM) | 0.14 | 0.41 | 0.16 | 0.06 | 0.02 |

* RM0.50 Per Share

# DIRECTORS' REPORT
## FOR THE YEAR ENDED 30 JUNE 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

### PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are indicated in note 6 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 | 20,006 | 8,309 |
| Attributable to: | | |
| Equity holders of the Company | 18,512 | 8,309 |
| Non-controlling interests | 1,494 | - |
| | 20,006 | 8,309 |

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single tier dividend of 2 sen per ordinary share of RM0.50 amounting to RM17,108,977 in respect of the financial year ended 30 June 2014 as disclosed in the Directors' Report of that year.

The Directors now recommend the payment of a first and final single tier dividend of 2 sen per ordinary share of RM0.50 amounting to RM17,108,977 for the financial year ended 30 June 2015.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

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

### ISSUE OF WARRANTS

On 26 June 2014, the Company issued 122,206,980 free detachable warrants ("Warrants") pursuant to the rights issue of 244,413,960 new ordinary shares of RM0.50 each in the Company ("Ekovest Shares") with warrants. The Warrants were constituted by a Deed Poll dated 16 May 2014 ("Deed Poll").

The salient features of the Warrants are as follows:

a) 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;

## ISSUE OF WARRANTS (CONT'D)

The salient features of the Warrants are as follows: (Cont'd)

b) 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;

c) the exercise price of the Warrants has been fixed at RM1.35 per Warrant. 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;

d) 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;

e) 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;

f) 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

g) the Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

## DIRECTORS

The Directors in office since the date of the last report are:

Tan Sri Dato' Lim Kang Hoo
Datuk Lim Keng Cheng
Mr Khoo Nang Seng @ Khoo Nam Seng
Madam Lim Hoe
Ms Kang Hui Ling
Ms Lim Ts-Fei
Dr Wong Kai Fatt
Mr Chow Yoon Sam
Mr Lee Wai Kuen
Mr Lim Chen Herng *(Alternate to Tan Sri Dato' Lim Kang Hoo)*
Mr Lim Ding Shyong *(Alternate to Datuk Lim Keng Cheng)*
Mr Wong Khai Shiang *(Alternate to Madam Lim Hoe)*

In accordance with Article 82 of the Company's Articles of Association, Ms Kang Hui Ling, Ms Lim Ts-Fei and Dr Wong Kai Fatt retire by rotation and Mr Khoo Nang Seng @ Khoo Nam Seng retires in accordance with Section 129(6) of the Companies Act, 1965 at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept under Section 134 of the Companies Act, 1965, none of the Directors held any shares or had any interests in shares and warrants in the Company and its related corporations during the financial year, except as follows:

# DIRECTORS' REPORT
## FOR THE YEAR ENDED 30 JUNE 2015

### DIRECTORS' INTERESTS (CONT'D)

| Ekovest Berhad | Number of ordinary shares of RM0.50 each<br>At 1-7-2014 | Bought | Sold | At 30-6-2015 |
|---|---|---|---|---|
| Tan Sri Dato' Lim Kang Hoo | | | | |
| - direct interest | 172,682,089 | - | - | 172,682,089 |
| - indirect interest | 104,300,009 | - | - | 104,300,009 |
| Datuk Lim Keng Cheng | | | | |
| - indirect interest | 48,228,000 | 2,593,200 | - | 50,821,200 |
| Mr Khoo Nang Seng @ Khoo Nam Seng | | | | |
| - direct interest | 49,576,800 | - | - | 49,576,800 |
| Madam Lim Hoe | | | | |
| - direct interest | 3,851,300 | - | - | 3,851,300 |
| Mr Chow Yoon Sam | | | | |
| - direct interest | 56,000 | - | - | 56,000 |

| Warrants | Number of warrant over ordinary shares of RM0.50 each<br>At 1-7-2014 | Bought | Sold | At 30-6-2015 |
|---|---|---|---|---|
| Tan Sri Dato' Lim Kang Hoo | | | | |
| - direct interest | 24,668,869 | - | - | 24,668,869 |
| - indirect interest | 14,900,004 | - | - | 14,900,004 |
| Datuk Lim Keng Cheng | | | | |
| - indirect interest | 6,680,600 | - | - | 6,680,600 |
| Mr Khoo Nang Seng @ Khoo Nam Seng | | | | |
| - direct interest | 7,082,400 | - | - | 7,082,400 |
| Madam Lim Hoe | | | | |
| - direct interest | 569,650 | - | - | 569,650 |
| Mr Chow Yoon Sam | | | | |
| - direct interest | 8,000 | - | - | 8,000 |

By virtue of the above directors' interests in shares of the Company, they are deemed to be interested in shares in all the subsidiaries to the extent the Company has an interest.

### DIRECTORS' BENEFITS

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 34(a) to the financial statements which were carried out in the ordinary course of business.

## DIRECTORS' BENEFITS (CONT'D)

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 or warrants of the Company and its related corporations.

## OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain the action 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 that allowance for doubtful debts was not required; and

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

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) 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

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

(iii) 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.

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

(i) any charge on the assets of the Company or its subsidiaries which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company or its subsidiaries which has arisen since the end of the financial year.

(d) 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.

(e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

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

(ii) 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.

# DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

## AUDITORS

The auditors, Mazars, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance
with a Directors' resolution dated

**TAN SRI DATO' LIM KANG HOO**
**Director**

**DATUK LIM KENG CHENG**
**Director**

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

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ekovest Berhad, which comprise the statements of financial position as at 30 June 2015 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 117.

#### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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

### OTHER REPORTING REPONSIBILITIES

The supplementary information set out on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**MAZARS**
No. AF: 001954
Chartered Accountants

**FRANCIS XAVIER JOSEPH**
No. 2997/06/16 (J)
Chartered Accountant

Kuala Lumpur
Date: 23 October 2015

# STATEMENTS OF FINANCIAL POSITION
## 30 JUNE 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 2 | 59,411 | 107,645 | 5,623 | 6,356 |
| Investment properties | 3 | 160,339 | 62,709 | 22,651 | 19,672 |
| Land held for development | 4 | 105,899 | 34,472 | - | - |
| Concession assets | 5 | 1,796,922 | 1,579,610 | - | - |
| Investments in subsidiaries | 6 | - | - | 501,085 | 460,053 |
| Other investments | 7 | - | - | 180,000 | 180,000 |
| Amounts owing by subsidiaries | 8 | - | - | 223 | 7,451 |
| Deferred tax assets | 9 | 2,665 | 5,521 | - | - |
| | | 2,125,236 | 1,789,957 | 709,582 | 673,532 |
| **CURRENT ASSETS** | | | | | |
| Gross amount due from customers | 10 | 67,875 | 71,602 | - | 13,267 |
| Property development costs | 11 | 144,331 | 99,643 | - | - |
| Trade and other receivables | 12 | 109,890 | 73,723 | 9,516 | 11,197 |
| Accrued billings | 13 | 31,102 | - | - | - |
| Amounts owing by subsidiaries | 8 | - | - | 314,034 | 256,186 |
| Current tax assets | | 5,859 | 6,375 | - | 936 |
| Investment funds | 14 | 1,026,459 | 1,289,355 | - | - |
| Short term deposits | 15 | 94,154 | 8,089 | 14,221 | 995 |
| Cash and bank balances | 16 | 65,944 | 74,403 | 11,007 | 48,793 |
| | | 1,545,614 | 1,623,190 | 348,778 | 331,374 |
| **TOTAL ASSETS** | | 3,670,850 | 3,413,147 | 1,058,360 | 1,004,906 |

# STATEMENTS OF FINANCIAL POSITION
## 30 JUNE 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| **EQUITY** | | | | | |
| Share capital | 17 | 427,724 | 427,724 | 427,724 | 427,724 |
| Reserves | 18 | 754,719 | 670,863 | 413,250 | 422,050 |
| Capital and reserves attributable to equity holders of the Company | | 1,182,443 | 1,098,587 | 840,974 | 849,774 |
| Non-controlling interests | | 4,693 | 3,199 | - | - |
| **TOTAL EQUITY** | | 1,187,136 | 1,101,786 | 840,974 | 849,774 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Hire purchase liabilities | 19 | 10,383 | 5,396 | 1,001 | 1,648 |
| Bank term loans | 20 | 136,810 | 122,429 | 26,000 | 42,000 |
| Islamic medium term notes | 21 | 1,685,359 | 1,658,457 | - | - |
| Provision for heavy repairs | 22 | 3,721 | 3,533 | - | - |
| Deferred tax liabilities | 23 | 185,688 | 183,163 | 534 | 131 |
| | | 2,021,961 | 1,972,978 | 27,535 | 43,779 |
| **CURRENT LIABILITIES** | | | | | |
| Gross amount due to customers | 10 | 3,210 | 6,883 | 1,675 | - |
| Trade and other payables | 24 | 144,656 | 206,646 | 10,242 | 20,342 |
| Amounts owing to subsidiaries | 8 | - | - | 25,020 | 4,681 |
| Hire purchase liabilities | 19 | 4,106 | 2,439 | 772 | 863 |
| Bank borrowings | 25 | 308,985 | 122,176 | 151,375 | 85,467 |
| Current tax liabilities | | 796 | 239 | 767 | - |
| | | 461,753 | 338,383 | 189,851 | 111,353 |
| **TOTAL LIABILITIES** | | 2,483,714 | 2,311,361 | 217,386 | 155,132 |
| **TOTAL EQUITY AND LIABILITIES** | | 3,670,850 | 3,413,147 | 1,058,360 | 1,004,906 |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2015

| | Note | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|---|
| Revenue | 26 | 438,015 | 229,126 | 275,994 | 87,352 |
| Cost of sales | 27 | (284,182) | (115,675) | (255,259) | (82,552) |
| Gross profit | | 153,833 | 113,451 | 20,735 | 4,800 |
| Other income and gains | | 14,860 | 61,130 | 10,828 | 16,675 |
| Selling and marketing expenses | | (5,126) | (2,458) | - | - |
| Administrative and general expenses | | (38,877) | (31,922) | (11,970) | (7,440) |
| Other expenses | | (1,664) | (2,152) | (1,659) | (2,116) |
| Finance costs | 28 | (91,260) | (130,320) | (6,576) | (5,725) |
| Share of results of associates | | - | (3) | - | - |
| Profit before tax | 29 | 31,766 | 7,726 | 11,358 | 6,194 |
| Tax (expense)/income | 30 | (11,760) | 5,474 | (3,049) | (1,212) |
| **Net profit for the year** | | 20,006 | 13,200 | 8,309 | 4,982 |
| **Other comprehensive income, net of tax:** | | | | | |
| *Item that will not be reclassified subsequently to profit or loss:* | | | | | |
| Revaluation of property, plant and equipment upon transfer to investment properties | | 82,453 | - | - | - |
| **Total comprehensive income for the year** | | 102,459 | 13,200 | 8,309 | 4,982 |
| **Net profit for the year attributable to :** | | | | | |
| Equity holders of the Company | | 18,512 | 47,111 | 8,309 | 4,982 |
| Non-controlling interests | | 1,494 | (33,911) | - | - |
| | | 20,006 | 13,200 | 8,309 | 4,982 |
| **Total comprehensive income for the year attributable to :** | | | | | |
| Equity holders of the Company | | 100,965 | 47,111 | 8,309 | 4,982 |
| Non-controlling interests | | 1,494 | (33,911) | - | - |
| | | 102,459 | 13,200 | 8,309 | 4,982 |
| Earnings per share for net profit attributable to the equity holders of the Company - Basic | 31 | 2.16 sen | 7.23 sen | | |
| Net dividend per ordinary share | 32 | 2.00 sen | 1.00 sen | 2.00 sen | 1.00 sen |

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2015

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | | |
| | Share capital RM'000 | Share premium RM'000 | Asset revaluation reserve RM'000 | Warrant reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total RM'000 |
| At 1 July 2013 | 305,517 | 245,599 | 242 | - | 228,066 | 779,424 | 142,053 | 921,477 |
| Total comprehensive income for the year | - | - | (242) | - | 47,353 | 47,111 | (33,911) | 13,200 |
| Transactions with equity holders of the Company: | | | | | | | | |
| Issuance of ordinary shares pursuant to rights issue with warrants (note 17) | 122,207 | 122,207 | - | 40,328 | (40,328) | 244,414 | - | 244,414 |
| Acquisition of additional equity interest in subsidiary companies (note 45) | - | - | - | - | 30,693 | 30,693 | (104,943) | (74,250) |
| Dividend paid (note 32) | - | - | - | - | (3,055) | (3,055) | - | (3,055) |
| Total transactions with equity holders of the Company | 122,207 | 122,207 | - | 40,328 | (12,690) | 272,052 | (104,943) | 167,109 |
| At 30 June 2014 | 427,724 | 367,806 | - | 40,328 | 262,729 | 1,098,587 | 3,199 | 1,101,786 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 30 JUNE 2015

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | | | |
| | Share capital RM'000 | Share premium RM'000 | Asset revaluation reserve RM'000 | Warrant reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total RM'000 |
| At 1 July 2014 | 427,724 | 367,806 | - | 40,328 | 262,729 | 1,098,587 | 3,199 | 1,101,786 |
| Net profit for the year | - | - | - | - | 18,512 | 18,512 | 1,494 | 20,006 |
| Other comprehensive income, net of tax | - | - | 82,453 | - | - | 82,453 | - | 82,453 |
| Total comprehensive income for the year | - | - | 82,453 | - | 18,512 | 100,965 | 1,494 | 102,459 |
| Transactions with equity holders of the Company: | | | | | | | | |
| Dividend paid (note 32) | - | - | - | - | (17,109) | (17,109) | - | (17,109) |
| At 30 June 2015 | 427,724 | 367,806 | 82,453 | 40,328 | 264,132 | 1,182,443 | 4,693 | 1,187,136 |

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2015

| | Share capital RM'000 | ← Share premium RM'000 | Non-distributable Asset revaluation reserve RM'000 | Warrant reserve RM'000 → | Retained earnings RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| At 1 July 2013 | 305,517 | 245,599 | 242 | - | 52,075 | 603,433 |
| Total comprehensive income for the year | - | - | (242) | - | 5,224 | 4,982 |
| Transactions with equity holders of the Company: | | | | | | |
| Issuance of ordinary shares pursuant to rights issue with warrants (note 17) | 122,207 | 122,207 | - | 40,328 | (40,328) | 244,414 |
| Dividend paid (note 32) | - | - | - | - | (3,055) | (3,055) |
| Total transactions with equity holders of the Company | 122,207 | 122,207 | - | 40,328 | (43,383) | 241,359 |
| At 30 June 2014 | 427,724 | 367,806 | - | 40,328 | 13,916 | 849,774 |
| At 1 July 2014 | 427,724 | 367,806 | - | 40,328 | 13,916 | 849,774 |
| Total comprehensive income for the year | - | - | - | - | 8,309 | 8,309 |
| Dividend paid (note 32) | - | - | - | - | (17,109) | (17,109) |
| At 30 June 2015 | 427,724 | 367,806 | - | 40,328 | 5,116 | 840,974 |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2015

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | 31,766 | 7,726 | 11,358 | 6,194 |
| Adjustments for: | | | | |
| Fair value gain on financial liabilities measured at amortised cost | - | (47,240) | - | - |
| Fair value gain on investment funds | (526) | (917) | - | - |
| Gain on acquisition of redeemable preference shares | - | (5,049) | - | - |
| Gain on financial assets measured at amortised cost | - | - | (798) | (719) |
| Loss on acquisition of Junior Bonds | - | 688 | - | - |
| Depreciation | 5,278 | 2,895 | 1,003 | 1,064 |
| Loss/(Gain) on disposal of property, plant and equipment | 330 | (52) | (233) | (11,788) |
| Gain on disposal of investment properties | (288) | (81) | - | (60) |
| Fair value gain on investment properties | (4,630) | (40) | (2,062) | - |
| Impairment loss on investments in subsidiaries | - | - | 2,801 | - |
| Provision for heavy repairs | 831 | 1,141 | - | - |
| Property, plant and equipment written off | - | 1 | - | - |
| Dividend income | - | - | (6,284) | - |
| Amortisation of concession assets | 2,773 | 6,282 | - | - |
| Interest income | (6,126) | (4,697) | (6,811) | (2,726) |
| Finance costs | 91,260 | 130,320 | 6,576 | 5,725 |
| Share of results of associates | - | 3 | - | - |
| Operating profit/(loss) before working capital changes | 120,668 | 90,980 | 5,550 | (2,310) |
| Changes in property development costs | (40,022) | (34,773) | - | - |
| Changes in receivables | (63,542) | (4,786) | 14,948 | (9,884) |
| Changes in payables | (75,042) | 69,081 | (8,425) | 7,492 |
| Cash (used in)/generated from operations | (57,938) | 120,502 | 12,073 | (4,702) |
| Interest received | 46,077 | 24,368 | 6,811 | 2,726 |
| Interest paid | (115,149) | (86,791) | (6,478) | (5,580) |
| Tax paid | (9,645) | (8,496) | (943) | (1,325) |
| Net cash (used in)/generated from operating activities | (136,655) | 49,583 | 11,463 | (8,881) |

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2015

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment (note 36) | (4,792) | (4,091) | (48) | (1,075) |
| Acquisition of Junior Bonds | - | (15,000) | - | (145,000) |
| Acquisition of additional equity interest in subsidiary companies | - | (74,250) | - | - |
| Acquisition of redeemable preference shares | - | (99,750) | - | - |
| Development cost incurred on land held for property development | (21,340) | (6,444) | - | - |
| Subscription of additional shares in subsidiaries | - | - | (1,250) | (500) |
| Purchase of investment properties | (917) | (804) | (917) | (332) |
| Redemption/(Purchase) of investment funds | 263,422 | (1,286,423) | - | - |
| Payment for concession assets | (204,667) | (94,656) | - | - |
| Proceeds from disposal of property, plant and equipment | 1,134 | 228 | 233 | 17,296 |
| Proceeds from disposal of investment properties | 1,205 | 992 | - | 870 |
| (Placement)/Withdrawal of short term deposits | (86,065) | 117,315 | (13,226) | 21,530 |
| Advances to subsidiaries | - | - | (72,066) | (103,648) |
| Dividends received | - | - | 6,284 | - |
| Net cash used in investing activities | (52,020) | (1,462,883) | (80,990) | (210,859) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Drawndown of bank borrowings | 203,428 | 105,895 | 52,000 | 29,000 |
| Issuance of shares | - | 244,414 | - | 244,414 |
| Proceeds from issuance of Islamic medium term notes | - | 1,124,819 | - | - |
| Payment of hire purchase liabilities | (3,357) | (2,204) | (960) | (1,134) |
| Payment of hire purchase term charges | (508) | (329) | (98) | (145) |
| Dividend paid | (17,109) | (3,055) | (17,109) | (3,055) |
| Net cash generated from financing activities | 182,454 | 1,469,540 | 33,833 | 269,080 |
| **NET CHANGES IN CASH AND CASH EQUIVALENTS** | (6,221) | 56,240 | (35,694) | 49,340 |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | 22,636 | (33,604) | 30,326 | (19,014) |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | 16,415 | 22,636 | (5,368) | 30,326 |
| Represented by: | | | | |
| **CASH AND BANK BALANCES** | 65,944 | 74,403 | 11,007 | 48,793 |
| **BANK OVERDRAFTS** | (49,529) | (51,767) | (16,375) | (18,467) |
| | 16,415 | 22,636 | (5,368) | 30,326 |

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements comply with Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("the MASB") and with the provision of the Companies Act, 1965 in Malaysia.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value measurements are categorised as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

#### (b) Application of new or revised standards

In current year, the Group and the Company have applied a number of amendments to FRSs that became effective mandatorily for the accounting period beginning on or after 1 July 2014.

The adoption of the amendments to FRSs does not have any significant impact on the financial statements of the Group and of the Company.

#### (c) Standards issued that are not yet effective

The Group and the Company have not applied the following standard and amendments to FRSs that have been issued by the MASB but are not yet effective:

| New FRS and amendments to FRSs | | Effective date |
|---|---|---|
| FRS 14 | Regulatory Deferral Accounts | 1 January 2016 |
| Amendments to FRS 116 and FRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 11 | Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 127 | Equity Method in Separate Financial Statements | 1 January 2016 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The Group and the Company have not applied the following standard and amendments to FRSs that have been issued by the MASB but are not yet effective: (Cont'd)

| New FRS and amendments to FRSs | | Effective date |
|---|---|---|
| Amendments to FRS 10 and FRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Amendments to FRS 5, FRS 7, FRS 119 and FRS 134 | Annual Improvements to FRSs 2012-2014 Cycle | 1 January 2016 |
| Amendments to FRS 101 | Disclosure Initiative | 1 January 2016 |
| Amendments to FRS 10, FRS 12 and FRS 128 | Investment Entities: Applying the Consolidation Exception | 1 January 2016 |

The Group and the Company have not applied the following Malaysian Financial Reporting Standards ("MFRSs") and its amendments (which are applicable upon adoption of MFRS framework) that have been issued by the MASB but are not yet effective.

| New MFRSs and amendments to MFRSs | | Effective date |
|---|---|---|
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2017 |
| Amendments to MFRS 116 | Incorporating Bearer Plants into the Scope of MFRS 116 | 1 January 2017 |
| Amendments to MFRS 141 | Amendments Resulting from the Incorporation of Bearer Plants into the Scope of MFRS 116 | 1 January 2017 |
| MFRS 9 | Financial Instruments | 1 January 2018 |

Except as otherwise indicated below, the adoption of the above new standards, amendments to FRSs and amendments to MFRSs are not expected to have significant impact on the financial statements of the Group and of the Company.

*Amendments to FRS 116 and FRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to FRS 116 and FRS 138 establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to FRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed. Revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The amendments to FRS 138 introduce a rebuttable presumption that an amortisation method based on revenue generated by an activity that includes the use of an intangible asset is inappropriate for the same reasons as the amendments to FRS 116 and can be overcome only in certain limited circumstances.

The Group is currently assessing the impact to the financial statements upon adoption of amendments to FRS 138, and intends to adopt amendments to FRS 138 on the mandatory effective date.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

*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 MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs nit occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group and the Company are currently assessing the impact to the financial statements upon adopting MFRS 9, and intend to adopt MFRS 9 on the mandatory effective date.

*MFRS 15 Revenue from Contracts with Customers*

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace and supersede MFRS 111 Construction Contracts, MFRS 118 Revenue, Issues Committee Interpretation ("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. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Group and the Company are currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

*Malaysian Financial Reporting Standards*

On 19 November 2011, the MASB issued a new MASB approved accounting framework, i.e. 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 and the Company fall within the definition of Transitioning Entities and have 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. On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018 and the effective date for Transitioning Entities to apply the MFRS framework will be deferred to the same date.

The Group and the Company will adopt the MFRS framework and will prepare their first set of MFRS financial statements for the financial year ending 30 June 2019. In presenting their first sets of MFRS financial statements, the Group and the Company 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 and of the Company. Accordingly, the financial performance and financial position of the Group and of the Company as presented in these financial statements for the year ended 30 June 2015 could be different if prepared in accordance with MFRS.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) 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 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 FRS 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 construction contracts based on the percentage of completion method. The stage of completion of the construction contracts is measured in accordance with the accounting policies set out in note 1(m) below.

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 property development activities based on the percentage of completion method. The stage of completion of the property development activities is measured in accordance with the accounting policies set out in note 1(n) below.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Significant accounting judgements and estimates (Cont'd)

**Critical judgement made in applying accounting policies (Cont'd)**

*Revenue recognition of property development activities (Cont'd)*

Significant judgment 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 judgments, management relies on past experience and the work of specialists.

**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 has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Allowance for doubtful debts*

The collectibility of receivables is assessed on an ongoing basis. An allowance for doubtful debt is made for any account considered to be doubtful for collection.

The allowance for doubtful debts is made based on a review of all outstanding accounts at the end of each reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

*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.

*Measurement of impairment loss on investments in subsidiaries and associates*

Investments in subsidiaries and associates 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 subsidiaries and associates and also choose a suitable discount rate in order to calculate the present value of those cash flows.

*Amortisation and impairment of concession assets*

The carrying amount of concession assets is amortised over the concession period by applying the formula in note 1(i) below. The denominator of the formula includes projected total toll revenue 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 multiplied by the relevant toll rates. 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 and toll rates could impact future amortisation charges.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Significant accounting judgements and estimates (Cont'd)

**Key sources of estimation uncertainty (Cont'd)**

*Amortisation and impairment of concession assets (Cont'd)*

The Group assesses at the end of each reporting period whether there is any indicator 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 concession assets discounted at a suitable discount rate in order to calculate the present value of those cash flows.

*Provision for heavy repairs*

Provision for heavy repairs is recognised 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.

*Deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that 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.

*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.

### (e) Subsidiaries

In the Company's separate financial statements, investments in subsidiaries 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 subsidiary disposed of is recognised in profit or loss.

### (f) 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.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Basis of consolidation (Cont'd)

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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.

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 and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non- controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the 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.

(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 FRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with FRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

*Transactions with non-controlling interests*

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor a jointly controlled entity. 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. Impairment losses are charged to the profit of loss.

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

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of net profits or losses and changes recognised directly in the equity of the associates are recognised in the profit or loss and other comprehensive income, respectively.

An investment in an associate 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 significant influence over the associate.

Premium on acquisition is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment when necessary.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the Group's share of losses in an associate diminishes by virtue of losses to zero unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The results and reserves of associates are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

### (h) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

*Initial recognition*

A financial instrument is recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Financial instruments (Cont'd)

*Financial instrument categories and subsequent measurement*

**Financial assets**

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Management determines the classification of the financial assets as set out below upon initial recognition.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

In the ordinary course of business, the Group and the Company do not have financial assets categorised as available-for-sale financial assets.

*(i) Financial assets at FVTPL*

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non- current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

*(ii) Loans and receivables*

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in the profit or loss.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

*(iii) Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

All the financial assets, except for those measured at FVTPL, are subject to review for impairment.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Financial instruments (Cont'd)

*Financial instrument categories and subsequent measurement (Cont'd)*

**Financial liabilities**

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

*Derecognition of financial assets and liabilities*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is reclassified to profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

### (i) Concession assets

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

Concession assets refer to expressway development expenditure which comprises development and upgrading expenditure (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 impairment losses. Amortisation of the concession assets begins when it is available for use, i.e. commencement of tolling operations.

The amortisation formula applied to arrive at the annual amortisation charge for each financial period is as follows:

$$\frac{\text{Actual toll revenue for the year}}{\text{(Actual toll revenue for the year + Projected total toll revenue for the remaining concession period)}} \times \text{(Carrying amount of concession assets at beginning of the year + Additions during the year)}$$

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

### (j) Property, plant and equipment

*(i) Measurement basis*

All items of 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. All repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Property, plant and equipment (Cont'd)

#### *(i) Measurement basis (Cont'd)*

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses except for certain properties which are stated at valuation carried out in 1993, less accumulated depreciation and impairment losses.

The Group has applied the transitional provision of FRS 116 Property, Plant and Equipment, to retain the revalued amount as if it is at the cost basis. It is not the Group's policy to carry out regular valuations of its property, plant and equipment. The revaluation carried out in 1993 was an one-off exercise, and the carrying amount of the revalued properties has been retained on the basis of their previous revaluation as surrogate cost. Accordingly, this valuation has not been updated.

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

#### *(ii) Depreciation*

Freehold land and construction-in-progress are not depreciated.

Depreciation is calculated to write off the cost of other property, plant and equipment on the straight line basis to their residual values over their expected economic useful lives at the following annual rates:

The principal annual rates used for this purpose are:

| | |
|---|---|
| Leasehold land and buildings | 2% |
| Equipment, plant and machinery | 10% - 20% |
| Motor vehicles | 20% |
| Office equipment | 10% - 33 1/3% |
| Furniture and fittings | 10% |

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.

### (k) 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.

Property that is being constructed for future use as investment property is classified as investment property. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost less impairment, if any, until such time as fair value can be reliably determined or construction is completed.

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.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Investment properties (Cont'd)

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.

### (l) 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.

*(i) Finance lease*

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*(ii) Operating lease*

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating lease and, except for property interests held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease which is held to earn rental income or for capital appreciation, or both, is classified as investment property.

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

### (m) Construction contracts

The Group's and the Company's construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

When the outcome of a construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Construction contracts (Cont'd)

Where it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether contract work has commenced or not, or the stage of completion of contract activity, or the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts work-in-progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

### (n) Development properties

Development properties are classified under two categories i.e. land held for development and property development costs.

Land held for development is defined as land on which development is not expected to be completed within the normal operating cycle. Accordingly, land held for property development is classified as non-current assets on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in 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.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is either determined by the proportion that costs incurred to-date bear to estimated total costs or surveys of work performed. In applying the cost incurred method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the profit or loss over the billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in the profit or loss is recognised as progress billings under current liabilities.

### (o) 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.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Impairment of non-financial assets

*Property, plant and equipment, land held for property development and investments in subsidiaries and associates*

Property, plant and equipment, land held for property development and investments in subsidiaries and associates 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.

### (q) Impairment of financial assets

All financial assets except for financial assets at FVTPL, are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

*Assets carried at cost*

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses are not reversed in subsequent periods.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the profit or loss.

Dividend on equity instruments is recognised in equity in the period in which they are declared.

Preference shares are classified as equity instruments if they are irredeemable or redeemable only at discretion of the issuer; and dividend is at discretion of the issuer. Dividend thereon is accounted in equity.

Preference shares are classified as financial liabilities if they are redeemable on a specific date, redeemable at discretion of the holders, and/or dividend is obligatory. Dividend thereon is accounted for in profit or loss.

### (s) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### (t) Revenue recognition

*(i) Construction contracts*

Revenue from construction contracts is recognised on the percentage of completion method where the outcome of the contracts can be reliably estimated.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

*(ii) Development properties*

Property development revenue represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

*(iii) Toll revenue*

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

*(iv) Hiring and rental income*

Hiring and rental income are recognised on a time proportion basis over the lease term.

*(v) Project management fee*

Revenue from project management services is recognised on an accrual basis when the services are rendered.

*(vi) Dividend income*

Dividend income is recognised when the Company's right to receive payment is established.

*(vii) Interest income*

Interest income is recognised on a time proportion basis using the effective interest rate.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) 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.

*(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.

### (v) Borrowing costs

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss using the effective interest method.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### (w) Taxation

The tax expense in the statement of comprehensive income comprises current tax and deferred tax included in the determination of profit or loss for the financial year.

On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences, while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only to the extent that is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses 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 a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities 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 tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (x) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts, short term deposits (but exclude those pledged to secure banking facilities) 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 exclude the short term deposits pledged to secure banking facilities.

### (y) 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.

### (z) 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.

### (aa) 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.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

## 2. PROPERTY, PLANT AND EQUIPMENT

| Group 2015 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 2014 | 90,357 | 12,163 | 32,128 | 6,011 | 2,757 | 143,416 |
| Additions | - | 7,651 | 6,414 | 526 | 212 | 14,803 |
| Disposals | - | - | (5,868) | - | - | (5,868) |
| Write-offs | - | (2,231) | (77) | (1) | - | (2,309) |
| Surplus on revaluation of property transferred | 86,792 | - | - | - | - | 86,792 |
| Transfer to investment properties (note 3) | (93,000) | - | - | - | - | (93,000) |
| Transfer to land held for development (note 4) | (50,087) | - | - | - | - | (50,087) |
| At 30 June 2015 | 34,062 | 17,583 | 32,597 | 6,536 | 2,969 | 93,747 |
| **Accumulated depreciation** | | | | | | |
| At 1 July 2014 | 563 | 10,912 | 17,944 | 4,360 | 1,992 | 35,771 |
| Charge for the year | 175 | 1,840 | 2,653 | 469 | 141 | 5,278 |
| Disposals | - | - | (4,404) | - | - | (4,404) |
| Write-offs | - | (2,231) | (77) | (1) | - | (2,309) |
| At 30 June 2015 | 738 | 10,521 | 16,116 | 4,828 | 2,133 | 34,336 |
| **Net carrying amount** | | | | | | |
| At 30 June 2015 | 33,324 | 7,062 | 16,481 | 1,708 | 836 | 59,411 |

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group 2014 Cost/Valuation | Freehold/ Leasehold 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 2013 | | | | | | |
| Cost | 97,375 | 10,824 | 24,438 | 5,367 | 2,637 | 140,641 |
| Valuation | 6,382 | - | - | - | - | 6,382 |
| | 103,757 | 10,824 | 24,438 | 5,367 | 2,637 | 147,023 |
| Additions | - | 1,515 | 8,314 | 652 | 126 | 10,607 |
| Disposals | - | (176) | (624) | - | - | (800) |
| Write-offs | - | - | - | (8) | - | (8) |
| Transfer to investment properties (note 3) | (5,509) | - | - | - | (6) | (5,515) |
| Transfer to land held for development (note 4) | (7,891) | - | - | - | - | (7,891) |
| At 30 June 2014 | | | | | | |
| Cost | 90,357 | 12,163 | 32,128 | 6,011 | 2,757 | 143,416 |
| Valuation | - | - | - | - | - | - |
| | 90,357 | 12,163 | 32,128 | 6,011 | 2,757 | 143,416 |
| **Accumulated depreciation** | | | | | | |
| At 1 July 2013 | 2,946 | 10,776 | 16,514 | 3,956 | 1,875 | 36,067 |
| Charge for the year | 176 | 312 | 1,878 | 411 | 118 | 2,895 |
| Disposals | - | (176) | (448) | - | - | (624) |
| Write-offs | - | - | - | (7) | - | (7) |
| Transfer to investment properties (note 3) | - | - | - | - | (1) | (1) |
| Transfer to land held for development (note 4) | (2,559) | - | - | - | - | (2,559) |
| At 30 June 2014 | 563 | 10,912 | 17,944 | 4,360 | 1,992 | 35,771 |
| **Net carrying amount** | | | | | | |
| At 30 June 2014 | | | | | | |
| Cost | 89,794 | 1,251 | 14,184 | 1,651 | 765 | 107,645 |
| Valuation | - | - | - | - | - | - |
| | 89,794 | 1,251 | 14,184 | 1,651 | 765 | 107,645 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company 2015 | Equipment, plant and machinery RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 July 2014 | 8,816 | 17,430 | 2,873 | 2,103 | 31,222 |
| Additions | - | 268 | 2 | - | 270 |
| Disposals | - | (2,730) | - | - | (2,730) |
| Write-offs | (2,231) | - | - | - | (2,231) |
| At 30 June 2015 | 6,585 | 14,968 | 2,875 | 2,103 | 26,531 |
| **Accumulated depreciation** | | | | | |
| At 1 July 2014 | 8,816 | 11,552 | 2,735 | 1,763 | 24,866 |
| Charge for the year | - | 908 | 44 | 51 | 1,003 |
| Disposals | - | (2,730) | - | - | (2,730) |
| Write-offs | (2,231) | - | - | - | (2,231) |
| At 30 June 2015 | 6,585 | 9,730 | 2,779 | 1,814 | 20,908 |
| **Net carrying amount** | | | | | |
| At 30 June 2015 | - | 5,238 | 96 | 289 | 5,623 |

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company 2014 Cost/Valuation | Freehold/ Leasehold 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 2013 | | | | | | |
| Cost | 1,509 | 8,992 | 15,869 | 2,827 | 2,099 | 31,296 |
| Valuation | 6,382 | - | - | - | - | 6,382 |
| | 7,891 | 8,992 | 15,869 | 2,827 | 2,099 | 37,678 |
| Additions | - | - | 2,488 | 51 | 4 | 2,543 |
| Disposals | (7,891) | (176) | (927) | - | - | (8,994) |
| Write-offs | - | - | - | (5) | - | (5) |
| At 30 June 2014 | | | | | | |
| Cost | - | 8,816 | 17,430 | 2,873 | 2,103 | 31,222 |
| Valuation | - | - | - | - | - | - |
| | - | 8,816 | 17,430 | 2,873 | 2,103 | 31,222 |
| **Accumulated depreciation** | | | | | | |
| At 1 July 2013 | 2,559 | 8,992 | 11,340 | 2,692 | 1,710 | 27,293 |
| Charge for the year | - | - | 963 | 48 | 53 | 1,064 |
| Disposals | (2,559) | (176) | (751) | - | - | (3,486) |
| Write-offs | - | - | - | (5) | - | (5) |
| At 30 June 2014 | - | 8,816 | 11,552 | 2,735 | 1,763 | 24,866 |
| **Net carrying amount** | | | | | | |
| At 30 June 2014 | - | - | 5,878 | 138 | 340 | 6,356 |

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

| Group | Cost 2015 RM'000 | Accumulated depreciation 2015 RM'000 | Net carrying amount 2015 RM'000 | Net carrying amount 2014 RM'000 |
|---|---|---|---|---|
| Freehold | | | | |
| - land | 25,316 | - | 25,316 | 81,611 |
| - buildings | 8,746 | 738 | 8,008 | 8,183 |
| | 34,062 | 738 | 33,324 | 89,794 |

(b) During the financial year, certain freehold land of the Group was transferred to investment properties. The freehold land was revalued by an independent firm of professional valuers. The valuation was arrived at based on the comparison method of valuation where reference was made to similar properties. This method estimates the value of a property by comparing it to the prices of similar properties sold in similar locations within a recent period of time.

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Included in the cost of property, plant and equipment are fully depreciated property, plant and equipment as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Equipment, plant and machinery | 8,386 | 10,161 | 6,585 | 8,816 |
| Motor vehicles | 11,922 | 11,989 | 7,688 | 8,948 |
| Office equipment | 4,144 | 2,990 | 2,633 | 2,603 |
| Furniture and fittings | 2,000 | 1,638 | 1,592 | 1,591 |
| | 26,452 | 26,778 | 18,498 | 21,958 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Motor vehicles acquired under hire purchase | 15,881 | 11,424 | 4,058 | 4,899 |
| Motor vehicles registered in the names of third parties holding in trust for the Group/Company | 257 | 304 | - | 7 |
| Freehold land and buildings charged to a licensed bank for banking facilities granted to the Group | - | 50,087 | - | - |
| Property, plant and equipment charged to a licensed bank for IMTN as disclosed in note 21 | 2,421 | 1,284 | - | - |

## 3. INVESTMENT PROPERTIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| At 1 July | 62,709 | 57,262 | 19,672 | 20,150 |
| Additions | 917 | 804 | 917 | 332 |
| Disposals | (917) | (911) | - | (810) |
| Changes in fair value | 4,630 | 40 | 2,062 | - |
| Transfer from property, plant and equipment (note 2) | 93,000 | 5,514 | - | - |
| At 30 June | 160,339 | 62,709 | 22,651 | 19,672 |

## 3. INVESTMENT PROPERTIES (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Investment properties comprise: | | | | |
| At fair value | | | | |
| - Freehold land and commercial buildings/apartments | 140,884 | 42,967 | 22,351 | 19,372 |
| - Short term leasehold land and buildings | 506 | 1,423 | 300 | 300 |
| - Long term leasehold land and buildings/apartments | 4,360 | 3,730 | - | - |
| At cost | | | | |
| - Constructions in progress | 14,589 | 14,589 | - | - |
| | 160,339 | 62,709 | 22,651 | 19,672 |

The title deeds to the completed freehold apartment amounted to RM976,000 (2014: RM976,000) was pending transfer to the Group.

Freehold land and buildings with carrying value of RM5,508,000 (2014: RM5,508,000) are charged to a licensed bank for banking facilities granted to the Group.

The fair values of the investment properties are arrived at by reference to valuations by a 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 determined by the Directors based on independent external valuers' advice. The fair values are within level 2 of the fair value hierarchy where the fair value is determined with reference to inputs other than quoted prices that are observable for the assets either directly or indirectly.

## 4. LAND HELD FOR DEVELOPMENT

| Group | Freehold/ Leasehold land at cost RM'000 | Development expenditure at cost RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 July 2014 | 24,192 | 10,280 | 34,472 |
| Additions | 5,538 | 15,802 | 21,340 |
| Transfer from property, plant and equipment (note 2) | 50,087 | - | 50,087 |
| At 30 June 2015 | 79,817 | 26,082 | 105,899 |
| At 1 July 2013 | 51,059 | 33,980 | 85,039 |
| Additions | 556 | 5,888 | 6,444 |
| Transfer from property, plant and equipment (note 2) | 5,332 | - | 5,332 |
| Transfer to property development cost (note 11) | (32,755) | (29,588) | (62,343) |
| At 30 June 2014 | 24,192 | 10,280 | 34,472 |

Land held for property development of the Group included above at a carrying amount of RM63,431,000 (2014: RM13,344,000) has been charged to licensed banks for banking facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 5. CONCESSION ASSETS

| | Group | |
|---|---|---|
| | **2015** | **2014** |
| | **RM'000** | **RM'000** |
| Expressway, at cost | | |
| At 1 July | 1,587,983 | 1,485,696 |
| Additions | 204,667 | 94,656 |
| Borrowing costs capitalised | 15,418 | 7,631 |
| At 30 June | 1,808,068 | 1,587,983 |
| Less: Accumulated amortisation | | |
| At 1 July | 8,373 | 2,091 |
| Charge for the year | 2,773 | 6,282 |
| At 30 June | 11,146 | 8,373 |
| Net carrying amount | | |
| At 30 June | 1,796,922 | 1,579,610 |

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") and the Government of Malaysia ("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.

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 and Jalan Tun Razak near Kuala Lumpur Hospital/Institut Jantung Negara to Jalan Gombak. The concession period for the entire DUKE Project and DUKE Phase-2 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.

The CA and SCA may be terminated by either the Government or Kesturi if either party fails to remedy its default within the period specified in the CA and SCA. The Government may terminate the CA and SCA by giving notice within the specific period in the CA and SCA. Upon expiry of the concession period, Kesturi shall hand over the concession assets to the Government in a well-maintained condition and make good any defects at Kesturi'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 note 21.

### 6. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2015** | **2014** |
| | **RM'000** | **RM'000** |
| Unquoted shares, at cost | 352,874 | 351,624 |
| Unquoted redeemable preference shares, at cost | 149,573 | 3,240 |
| Less: Accumulated impairment losses | (6,725) | (3,924) |
| | 495,722 | 350,940 |
| Capital contributions | 5,363 | 109,113 |
| | 501,085 | 460,053 |

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The capital contributions are for wholly-owned subsidiaries' capital expenditure 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.

During the financial year, the Company has converted the amounts due from subsidiaries amounting to RM146,332,960 for 146,332,960 redeemable preference shares of RM0.01 each at premium of RM0.99 each.

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

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

| | Effective equity interest 2015 % | 2014 % | Principal activities |
|---|---|---|---|
| Binawani Sdn Bhd | 100 | 100 | Investment holding and civil engineering and building works |
| Ekofield Danga Cove Sdn Bhd | 51 | 51 | Inactive |
| Ekofield Projects Sdn Bhd | 51 | 51 | Inactive |
| Ekofield Property Sdn Bhd | 51 | 51 | Inactive |
| Ekovest Brunsfield Holdings Sdn Bhd | 51 | 51 | 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 |
| Ekovest-MRCB Construction Sdn Bhd | 60 | 60 | Civil engineering and building works |
| Ekovest-MRCB JV Sdn Bhd | 60 | 60 | Project coordinator and manager for 'River of Life' project |
| Ekovest Oil & Gas Sdn Bhd | 50 | 50 | 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 | Inactive |
| Heritage Reno Sdn Bhd | 100 | 100 | Property investment |
| Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd | 100 | 100 | 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 | Civil engineering and building works |
| Nuzen Corporation Sdn Bhd | 100 | 100 | Investment holding |
| Ekovest Capital Sdn Bhd | 100 | 100 | Property development |
| Saujarena Bina Sdn Bhd | 100 | 100 | Property investment |
| Sunview Capital Sdn Bhd | 100 | 100 | Property investment |
| Temasek Megamas Sdn Bhd | 100 | 100 | Property investment |
| Timur Terang Sdn Bhd | 100 | 100 | Property investment |
| Wira Kristal Sdn Bhd | 100 | 100 | Investment holding |
| Ekovest Park and Ride Sdn Bhd | 100 | - | Inactive |
| DUKE Development Sdn Bhd | 100 | - | Inactive |
| Lebuhraya DUKE Fasa 3 Sdn Bhd | 100 | - | Inactive |
| Lebuhraya DUKE Fasa 2A Sdn Bhd | 70 | - | Inactive |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

## 7. OTHER INVESTMENTS

| | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|
| Held-to-maturity | | |
| Junior Bonds | | |
| - Kesturi | 180,000 | 180,000 |

The Company has subscribed RM180 million Junior Bonds from Kesturi.

The salient features of the Junior Bonds are as follows:

(i) The Junior Bonds have a tenure of 21 years (2014: 21 years) from the date of issuance; and

(ii) The Junior Bonds' coupon is calculated at a rate of 11.5% (2014: 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 Bonds.

## 8. 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 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|
| Trade accounts | 29,641 | 50,395 |
| Unsecured advances: | | |
| - bearing interest at 5.44% (2014: 2.99%) per annum | 109,872 | 20,389 |
| - interest free | 174,521 | 185,402 |
| | 314,034 | 256,186 |

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

The unsecured advances are repayable within 12 months.

*Amounts owing to subsidiaries included under current liabilities*

| | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|
| Trade accounts | 24,986 | - |
| Unsecured interest free advances | 34 | 4,681 |
| | 25,020 | 4,681 |

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

The unsecured interest free advances are repayable within 12 months.

## 9. DEFERRED TAX ASSETS

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| At 1 July | 5,521 | 6,227 |
| Recognised in profit or loss | (2,856) | (706) |
| At 30 June | 2,665 | 5,521 |

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.

At 30 June 2015, the Group has not recognised deferred tax assets arising from the following temporary differences as it is not probable that future taxable profit will be available against which the assets can be utilised.

| | Group 2015 RM'000 | Group 2014 RM'000 |
|---|---|---|
| Deductible temporary differences on | | |
| - unused tax losses | 6,902 | 9,960 |
| - unabsorbed capital allowances | - | 221 |
| | 6,902 | 10,181 |
| Taxable temporary differences between net carrying amount and tax written down value of property, plant and equipment | - | (106) |
| | 6,902 | 10,075 |

## 10. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Cost of contracts incurred to-date | 1,510,357 | 1,013,225 | 352,412 | 249,690 |
| Attributable profit less foreseeable losses recognised to-date | 185,147 | 167,637 | 17,467 | 20,707 |
| | 1,695,504 | 1,180,862 | 369,879 | 270,397 |
| Progress billings | (1,630,839) | (1,116,143) | (371,554) | (257,130) |
| | 64,665 | 64,719 | (1,675) | 13,267 |
| Represented by: | | | | |
| Gross amount due from customers | 67,875 | 71,602 | - | 13,267 |
| Gross amount due to customers | (3,210) | (6,883) | (1,675) | - |
| | 64,665 | 64,719 | (1,675) | 13,267 |
| Retention sums receivable from customers (included in trade receivables, note 12) | 15,549 | 19,563 | 8,064 | 8,064 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

### 10. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS (CONT'D)

The cost of contracts include the following expenses incurred during the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Finance costs | 2,416 | - | - | - |
| Depreciation | 1,334 | 129 | - | - |
| Staff costs | 9,874 | 4,200 | - | - |
| Rental of premises | 1,604 | 978 | - | - |
| Hire of plant and equipment | 1,963 | 911 | - | - |

### 11. PROPERTY DEVELOPMENT COSTS

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Freehold land at cost | 66,903 | - |
| Development costs | 32,740 | - |
| At 1 July | 99,643 | - |
| Costs transferred from land held for development | | |
| - Freehold land (note 4) | - | 32,755 |
| - Development costs (note 4) | - | 29,588 |
| Costs incurred during the year | | |
| - Land related costs | - | 34,148 |
| - Development costs | 82,492 | 3,152 |
| | 82,492 | 99,643 |
| Costs recognised as an expense in the current year | (37,804) | - |
| At 30 June | 144,331 | 99,643 |

Property development costs incurred during the financial year include the capitalisation of borrowing costs amounted to RM4,666,000 (2014: RM2,527,000).

The freehold land is charged to a licensed bank for banking facilities granted to the Group as disclosed in notes 20 and 25.

### 12. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Trade receivables | 47,359 | 37,953 | 8,945 | 8,569 |
| Other receivables | 51,851 | 22,270 | 526 | 2,380 |
| Sundry deposits and prepayments | 10,680 | 13,500 | 45 | 248 |
| | 109,890 | 73,723 | 9,516 | 11,197 |

## 12. TRADE AND OTHER RECEIVABLES (CONT'D)

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.

Included in trade receivables are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Amounts owing by companies in which certain Directors have financial interests | 23,145 | 6,658 | 837 | 334 |

The trade receivables are unsecured and interest free.

Included in other receivables are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Amounts owing by companies in which certain Directors have financial interests | 22,112 | 1,311 | 85 | 804 |

The other receivables represent advance payments for purchases of building/construction materials, which are unsecured, interest free and repayable on demand.

## 13. ACCRUED BILLINGS

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Revenue recognised in profit or loss to-date | 58,159 | - |
| Progress billings to-date | (27,057) | - |
| Accrued billings | 31,102 | - |

## 14. 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 comprise money market funds and fixed deposits which are subject to insignificant changes in value.

## 15. SHORT TERM DEPOSITS

The short term deposits are placed with licensed banks and earned interest at between 2.38% and 3.27% (2014: 2.36% and 3.14%) per annum. The short term deposits have maturity periods of less than one year.

Included in deposits of the Group and of the Company are amounts of RM6,308,000 and RM718,000 (2014: RM5,838,000 and RM696,000) which have been charged to banks as security for banking facilities granted to the Group and the Company.

## 16. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM6,874,000 (2014: RM18,586,000) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Developers (Housing Development Account) Regulations, 1991.

Funds maintained in the Housing Development Accounts earn interest at 2.14% to 2.15% (2014: 1.25% to 2.15%) per annum.

## 17. SHARE CAPITAL

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of shares '000 | Nominal value RM'000 | Number of shares '000 | Nominal value RM'000 |
| **Authorised:** | | | | |
| Ordinary shares of RM0.50 each | 2,000,000 | 1,000,000 | 2,000,000 | 1,000,000 |
| **Issued and fully paid:** | | | | |
| At 1 July | | | | |
| Ordinary shares of RM1 each | - | - | 305,517 | 305,517 |
| Ordinary shares of RM0.50 each | 855,448 | 427,724 | - | - |
| Share split during the year | - | - | 305,517 | - |
| Issued during the year | | | | |
| Ordinary shares of RM0.50 each | - | - | 244,414 | 122,207 |
| At 30 June | | | | |
| Ordinary shares of RM0.50 each | 855,448 | 427,724 | 855,448 | 427,724 |

During the previous financial year, the Company has increased its issued and paid-up ordinary share capital from RM305,517,000 to RM427,724,000 by way of:

(a) amending its authorised share capital of RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1 each into 2,000,000,000 ordinary shares of RM0.50 each to facilitate the implementation of a share split, which involved the subdivision of every one ordinary share of RM1 each into two ordinary shares of RM0.50 each in the Company. The subdivision of ordinary shares was completed and the subdivided ordinary shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 2 June 2014; and

(b) rights issue of 244,413,960 new ordinary shares of RM0.50 each in the Company ("Rights Shares") together with 122,206,980 detachable warrants ("Warrants") at an issue price of RM1 per Rights Share, on the basis of two Rights Shares together with one Warrant for every five ordinary shares in the Company.

## 18. RESERVES

### *(a) Share premium*

Share premium comprises premium paid on subscription of shares in the Company over and above the par value of the shares.

### *(b) Asset revaluation reserve*

The asset revaluation reserve relates to revaluation of property, plant and equipment prior to the reclassification as investment property.

### *(c) Warrant reserve*

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise of the warrants. Unexercised warrants at the expiry of the warrant period is transferred to retained earnings.

## 19. HIRE PURCHASE LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015<br>RM'000 | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000 |
| Outstanding hire purchase instalments due: | | | | |
| - not later than one year | 4,824 | 2,838 | 834 | 1,032 |
| - later than one year but not later than five years | 11,181 | 5,684 | 1,038 | 1,660 |
| | 16,005 | 8,522 | 1,872 | 2,692 |
| Unexpired term charges | (1,516) | (687) | (99) | (181) |
| | 14,489 | 7,835 | 1,773 | 2,511 |
| Outstanding principal due: | | | | |
| - not later than one year (included in current liabilities) | 4,106 | 2,439 | 772 | 863 |
| - later than one year but not later than five years | 10,383 | 5,396 | 1,001 | 1,648 |
| | 14,489 | 7,835 | 1,773 | 2,511 |

The effective interest rates of the hire purchase liabilities are between 2.33% and 5.77% (2014: 2.33% and 5.77%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 20. BANK TERM LOANS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Bank term loans bearing interest rates between 1.25% and 1.75% above cost of fund [effective rate between 4.82% and 6.32% (2014: 5.1%) p.a.] | 180,000 | 73,184 | - | - |
| Bank term loans bearing interest rates between 0.75% and 1.00% above base lending rate [effective rate between 7.60% and 7.85% (2014: 7.35%) p.a.] | 5,106 | 5,434 | - | - |
| Bank term loan bearing fixed interest rate at 5.5% (2014: 5.5%) p.a. | 42,000 | 50,000 | 42,000 | 50,000 |
| Bank term loan bearing interest rate at 2.2% below base lending rate [effective rate 4.65% (2014: 4.4%) p.a.] | 2,160 | 2,220 | - | - |
| | 229,266 | 130,838 | 42,000 | 50,000 |
| Repayments due within 12 months (included in current liabilities, note 25) | (92,456) | (8,409) | (16,000) | (8,000) |
| Repayments due after 12 months | 136,810 | 122,429 | 26,000 | 42,000 |

The bank term loans, where applicable, are secured by a first party legal charge over certain freehold land and buildings of the Group and a deed of assignment of rental proceeds. Certain bank term loans are also guaranteed by the Company.

### 21. ISLAMIC MEDIUM TERM NOTES

The amount represents Islamic medium term notes ("IMTN") issued by Kesturi. 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 terms and covenants of the IMTN include the following:

(i) Kesturi must maintain a finance service coverage ratio ("FSCR") of at least 1.75 times upon commencement of DUKE Phase-2 tolling operations;

(ii) Kesturi will maintain a Finance Service Reserve Account (“FSRA”) at any time during the tenure of the IMTN which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the initial deposit is not utilised), the shortfall or excess shall be topped up or released from revenue account; and

(iii) in the event Kesturi utilises the balance in the FSRA, Kesturi is to top up the FSRA within 90 days. Non-compliance of the minimum balance does not constitute on event of default.

## 21. ISLAMIC MEDIUM TERM NOTES (CONT'D)

Kesturi as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond has absolutely assigned and charged to the security trustee as security trustee for and on behalf of the IMTN holders as follows:

(i) a first ranking fixed and floating charge on the assets of Kesturi, both present and future;

(ii) a first ranking assignment on all Kesturi's rights, interests, titles and benefits under the CA to demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the expressway and other relevant project documents and proceeds there from;

(iii) a first ranking assignment of Kesturi's rights, interests, titles and benefits in all performance and/or maintenance bonds in relation to the project and the proceeds there from except where such performance and/or maintenance bonds are used or to be used as security for other parties (including the Government) in accordance with the CA, in which case the security of the IMTN holders shall rank second after the security of the Government or such other parties;

(iv) a first ranking assignment on all designed accounts and the credit balances therein; and

(v) a first ranking assignment of Kesturi's rights, interests and titles and benefits in all relevant insurance policies of Kesturi or in respect of the DUKE Project.

## 22. PROVISION FOR HEAVY REPAIRS

| | Group | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| At 1 July | 3,533 | 3,587 |
| Provision during the year | 831 | 1,141 |
| Payment of maintenance cost | (643) | (1,195) |
| At 30 June | 3,721 | 3,533 |

Provision for heavy repairs relates to estimated costs to maintain and restore the expressway under the DUKE Project to a specified standard of serviceability.

## 23. DEFERRED TAX LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| At 1 July | 183,163 | 192,496 | 131 | 131 |
| Recognised in profit or loss | (1,814) | (9,333) | 403 | - |
| Recognised in other comprehensive income | 4,339 | - | - | - |
| At 30 June | 185,688 | 183,163 | 534 | 131 |

## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 30 JUNE 2015

### 23. DEFERRED TAX LIABILITIES (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| The deferred tax liabilities comprise: | | | | |
| Taxable temporary differences | | | | |
| - relating to revaluation of properties | 5,364 | 78 | 447 | 78 |
| - between net carrying amount and tax written down value of property, plant and equipment | 276 | 53 | 87 | 53 |
| - relating to fair value adjustments on assets and liabilities of subsidiaries acquired | 180,048 | 183,032 | - | - |
| | 185,688 | 183,163 | 534 | 131 |

### 24. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Trade payables | 82,304 | 145,544 | 7,926 | 9,224 |
| Other payables | 48,957 | 49,517 | 1,709 | 10,515 |
| Deposits | 564 | 935 | - | - |
| Accruals | 4,099 | 1,918 | 607 | 603 |
| Profit elements payable on IMTN | 8,732 | 8,732 | - | - |
| | 144,656 | 206,646 | 10,242 | 20,342 |

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.

Included in trade payables are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Amounts owing to companies in which certain Directors have financial interests | 2,164 | 16,844 | - | - |

Included in other payables are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Amounts owing to companies in which certain Directors have financial interests | 1,316 | 490 | - | - |

The other payables represent unsecured advances which are interest free and payable within 12 months.

## 25. BANK BORROWINGS

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Secured bank overdrafts bearing interest rates between 0.50% and 1.75% above base lending rate [effective rate between 7.35% and 8.60% (2014: 7.10% and 8.35%) p.a.] | 48,237 | 50,323 | 15,083 | 17,023 |
| Unsecured bank overdraft bearing interest rates at 1.50% above base lending rate [effective rate at 8.35% (2014: 8.10%) p.a.] | 1,292 | 1,444 | 1,292 | 1,444 |
| Secured revolving credits bearing interest at floating rates between 3.65% and 5.65% (2014: 3.60% and 5.38%) p.a. | 167,000 | 62,000 | 119,000 | 59,000 |
| | 216,529 | 113,767 | 135,375 | 77,467 |
| Bank term loans (note 20) | 92,456 | 8,409 | 16,000 | 8,000 |
| | 308,985 | 122,176 | 151,375 | 85,467 |

The bank overdrafts and revolving credits, where applicable, are secured as follows:

(a) a first party legal charge over certain freehold land of the Group and is also guaranteed by the Company.

(b) a first party legal charge over the freehold land of the Group and a deed of assignment of rental proceeds from the land.

(c) short term deposits of the Group and of the Company.

(d) an irrevocable standby letter of credit in favour of the banks.

(e) corporate guarantee by the Company.

## 26. REVENUE

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Construction contract revenue | 278,423 | 127,430 | 268,924 | 86,212 |
| Property development revenue | 58,159 | - | - | - |
| Toll revenue | 93,423 | 89,407 | - | - |
| Hire of machineries and motor vehicles | 429 | 757 | 429 | 764 |
| Rental income from investment properties | 580 | 1,870 | 357 | 376 |
| Project management fee | 7,001 | 9,662 | - | - |
| Dividend income from subsidiaries | - | - | 6,284 | - |
| | 438,015 | 229,126 | 275,994 | 87,352 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 27. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Construction contract costs | 227,959 | 97,433 | 254,902 | 81,955 |
| Property development costs | 37,804 | - | - | - |
| Direct operating costs relating to | | | | |
| - hire of machineries and motor vehicles | 141 | 152 | 141 | 158 |
| - toll operation | 15,508 | 15,073 | - | - |
| - project management | 2,352 | 2,677 | - | - |
| Direct operating costs relating to investment properties | | | | |
| - revenue generating | 148 | 97 | 74 | 67 |
| - non-revenue generating | 270 | 243 | 142 | 372 |
| | 284,182 | 115,675 | 255,259 | 82,552 |

### 28. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Finance costs on: | | | | |
| - hire purchase | 508 | 329 | 98 | 145 |
| - bank borrowings | 13,036 | 11,500 | 6,478 | 5,580 |
| - payables | 4 | 1,060 | - | - |
| - IMTN and Junior Bonds | 77,712 | 99,224 | - | - |
| - redeemable preference shares | - | 18,207 | - | - |
| | 91,260 | 130,320 | 6,576 | 5,725 |

### 29. PROFIT BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Profit before tax is stated after charging: | | | | |
| Auditors' remuneration | | | | |
| - statutory audit | 245 | 227 | 82 | 76 |
| - other services | 49 | 305 | - | 305 |
| Amortisation of concession assets | 2,773 | 6,282 | - | - |
| Depreciation | 5,278 | 2,895 | 1,003 | 1,064 |
| Directors' fees | 180 | 165 | 180 | 165 |
| Directors' remuneration other than fees | 5,718 | 4,638 | 1,703 | 1,680 |
| Impairment loss on investments in subsidiaries | - | - | 2,801 | - |
| Loss on disposal property, plant and equipment | 330 | - | - | - |
| Loss on acquisition of Junior Bonds | - | 688 | - | - |
| Operating lease | | | | |
| - rental of premises | 2,344 | 1,159 | 13 | 14 |
| - rental of machinery | 1,940 | 938 | 1 | 18 |
| - rental of motor vehicles | 34 | 39 | 5 | 11 |
| Provision for heavy repairs | 831 | 1,141 | - | - |

## 29. PROFIT BEFORE TAX (CONT'D)

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| and crediting: | | | | |
| Fair value gain on financial liabilities measured at amortised cost | - | 47,420 | - | - |
| Gain on acquisition of redeemable preference shares | - | 5,049 | - | - |
| Gain on financial assets measured at amortised cost | - | - | 798 | 719 |
| Gain on disposal of | | | | |
| - property, plant and equipment | - | 52 | 233 | 11,788 |
| - investment properties | 288 | 81 | - | 60 |
| Fair value gain on | | | | |
| - investment properties | 4,630 | 40 | 2,062 | - |
| - investment funds | 526 | 917 | - | - |
| Hire of machineries and motor vehicles | 502 | 920 | 429 | 764 |
| Interest income | | | | |
| - subsidiary | - | - | 6,422 | 767 |
| - short term deposits | 2,102 | 126 | 389 | 60 |
| - investment funds | 3,526 | 2,015 | - | - |
| - other investment | - | 2,098 | - | 1,899 |
| - trade receivables | 498 | 458 | - | - |
| Rental income | | | | |
| - investment properties | 920 | 490 | 357 | - |
| - other than investment properties | 39 | 304 | - | 304 |

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM133,000 and RM23,000 (2014: RM107,000 and RM13,000) respectively.

## 30. TAX EXPENSE/(INCOME)

| | Group 2015 RM'000 | Group 2014 RM'000 | Company 2015 RM'000 | Company 2014 RM'000 |
|---|---|---|---|---|
| Malaysian taxation | | | | |
| - current | 12,673 | 2,138 | 3,215 | 640 |
| - deferred | (9,603) | (4,704) | 99 | - |
| | 3,070 | (2,566) | 3,314 | 640 |
| (Over)/Under estimated in prior years | | | | |
| - current | (1,955) | 1,015 | (569) | 572 |
| - deferred | 10,645 | (3,923) | 304 | - |
| | 11,760 | (5,474) | 3,049 | 1,212 |

## 30. TAX EXPENSE/(INCOME) (CONT'D)

The reconciliations between the tax expense/(income) and the accounting profit are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Accounting profit (excluding share of results of associates) | 31,766 | 7,729 | 11,358 | 6,194 |
| Tax at the applicable tax rate of 25% (2014: 25%) | 7,942 | 1,932 | 2,840 | 1,549 |
| Tax effect of expenses not deductible in determining taxable profit | 6,234 | 9,748 | 3,512 | 2,371 |
| Tax effect of income not taxable in determining taxable profit | (7,439) | (14,863) | (2,626) | (3,280) |
| Deferred tax assets not recognised | - | 617 | - | - |
| Utilisation of deferred tax assets not recognised previously | (793) | - | - | - |
| Difference between corporate tax rate of 25% and RPGT rate of 5% applied in the computation of deferred tax on fair value gain on investment property | (926) | - | (412) | - |
| Effect of expenditure capitalised deductible in determining taxable profit | (1,186) | - | - | - |
| Effect of changes in tax rate | (762) | - | - | - |
| Current tax expense (over)/under estimated in prior years | (1,955) | 1,015 | (569) | 572 |
| Deferred tax under/(over) estimated in prior years | 10,645 | (3,923) | 304 | - |
| Tax expense/(income) for the year | 11,760 | (5,474) | 3,049 | 1,212 |

## 31. EARNINGS PER SHARE

The basic earnings per share have been calculated based on the consolidated profit for the year attributable to ordinary shareholders of the Company of RM18,512,000 (2014: RM47,111,000) and a weighted average number of ordinary shares outstanding, calculated as follows:

| | Group | |
|---|---|---|
| | 2015 '000 | 2014 '000 |
| Number of ordinary shares at 1 July | 855,448 | 305,517 |
| Effects of shares split during the year | - | 305,517 |
| Effects of rights issue during the year | - | 40,735 |
| Weighted average number of ordinary shares at 30 June | 855,448 | 651,769 |

The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price for Company's shares during the financial year.

## 32. DIVIDEND

| | Group and Company 2015 RM'000 | Group and Company 2014 RM'000 |
|---|---|---|
| Recognised as distribution to equity holders during the year: | | |
| First and final single tier dividend of 2 sen per ordinary share of RM0.50 for the financial year ended 30 June 2014 (2014 : First and final dividend of 1 sen per ordinary share of RM1 for the financial year ended 30 June 2013) | 17,109 | 3,055 |
| Net dividend per ordinary share (sen) | 2.00 | 1.00 |

At the forthcoming annual general meeting, a first and final single tier dividend of 2 sen per ordinary share of RM0.50 amounting to RM17,108,977 in respect of the financial year ended 30 June 2015 will be proposed for approval by shareholders.

## 33. EMPLOYEES BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Salaries, wages, allowances and bonuses | | | | |
| - Executive Directors | 4,999 | 4,205 | 1,500 | 1,500 |
| - other employees | 21,272 | 14,508 | 1,889 | 1,862 |
| Defined contribution plan - EPF contributions | | | | |
| - Executive Directors | 586 | 431 | 180 | 180 |
| - other employees | 1,764 | 1,294 | 243 | 240 |
| Social security costs | | | | |
| - SOCSO contributions | 150 | 98 | 12 | 14 |
| Other benefits expenses | 439 | 393 | 71 | 94 |
| | 29,210 | 20,929 | 3,895 | 3,890 |

## 34. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group 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 either directly or indirectly. The key management personnel's compensation is disclosed in note 35.

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 (formerly known as Wengcon Marketing Sdn Bhd), Knusford Equipment Sdn Bhd (formerly known as Wengcon Equipment Sdn Bhd), Knusford Construction Sdn Bhd (formerly known as Segi Tiara Sdn Bhd), Knusford Holdings Sdn Bhd (formerly known as Wengcon Holdings Sdn Bhd), Radiant Seas Sdn Bhd and Knusford Project Management Sdn Bhd are deemed related to Tan Sri Dato' Lim Kang Hoo, Khoo Nang Seng @ Khoo Nam Seng and Madam Lim Hoe; and

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FOR THE YEAR ENDED 30 JUNE 2015

## 34. 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: (Cont'd)

(ii) Danga Bay Sdn Bhd, Teras Hijaujaya Sdn Bhd, Aramijaya Sdn Bhd, Iskandar Waterfront Sdn Bhd and Rampai Fokus Sdn Bhd are deemed related to Tan Sri Dato' Lim Kang Hoo, Datuk Lim Keng Cheng and Madam Lim Hoe.

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 | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Progress billings to | | | | |
| - Danga Bay Sdn Bhd | 4,537 | - | - | - |
| - Teras Hijaujaya Sdn Bhd | 20,107 | - | - | - |
| Purchases of building/construction materials from | | | | |
| - Knusford Marketing Sdn Bhd | 7,875 | 2,978 | - | - |
| Rental of machineries and motor vehicles from | | | | |
| - Knusford Equipment Sdn Bhd | 108 | 86 | - | - |
| - Knusford Marketing Sdn Bhd | 310 | 132 | - | - |
| - Knusford Construction Sdn Bhd | 59 | 111 | - | - |
| Rental of machineries and motor vehicles to | | | | |
| - Knusford Construction Sdn Bhd | 80 | 161 | 63 | 100 |
| - Aramijaya Sdn Bhd | 84 | 135 | 84 | 119 |
| - Danga Bay Sdn Bhd | 13 | 68 | 13 | 63 |
| - Knusford Equipment Sdn Bhd | 92 | 146 | 92 | 146 |
| - Radiant Seas Sdn Bhd | 97 | 41 | 58 | - |
| Rental of premises to | | | | |
| - Danga Bay Sdn Bhd | - | 72 | - | 72 |
| - Knusford Construction Sdn Bhd | 24 | 72 | 24 | 72 |
| - Knusford Equipment Sdn Bhd | - | 45 | - | 45 |
| - Knusford Marketing Sdn Bhd | - | 54 | - | 54 |
| - Aramijaya Sdn Bhd | 42 | 72 | 42 | 72 |
| - Radiant Seas Sdn Bhd | 34 | 25 | - | 25 |
| - Iskandar Waterfront Sdn Bhd | 279 | 90 | 276 | 90 |
| - Knusford Poject Management Sdn Bhd | 12 | - | 12 | - |
| Sale of property, plant and equipment to | | | | |
| - Knusford Equipment Sdn Bhd | - | 72 | - | 72 |
| - Radiant Seas Sdn Bhd | 592 | - | 128 | - |
| Purchase of property, plant and equipment from | | | | |
| - Knusford Construction Sdn Bhd | 600 | - | - | - |
| - Knusford Marketing Sdn Bhd | 225 | - | - | - |

Outstanding balances in respect of the above transactions are disclosed in note 34(c) below.

## 34. RELATED PARTY DISCLOSURES (CONT'D)

Significant transactions with related parties during the financial year were as follows: (Cont'd)

(b) Transactions with subsidiary companies:

| | Company | |
|---|---|---|
| | 2015 RM'000 | 2014 RM'000 |
| Progress billings for construction works to | | |
| - Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd | 297,253 | 74,011 |
| Sub-contractor claims charged by | | |
| - Ekovest Construction Sdn Bhd | 254,902 | 81,955 |
| Rental of premises charged to | | |
| - Ekovest Construction Sdn Bhd | - | 180 |
| Interest income from | | |
| - Ekovest Construction Sdn Bhd | 6,422 | 767 |
| Sale of property, plant and equipment to | | |
| - Ekovest Properties Sdn Bhd | - | 16,900 |
| - Ekovest Construction Sdn Bhd | - | 89 |

Outstanding balances in respect of the above transactions are disclosed in note 8.

(c) Outstanding balances with companies in which certain Directors have financial interests:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Amounts owing from | | | | |
| - Knusford Equipment Sdn Bhd | 58 | 30 | 27 | 150 |
| - Knusford Construction Sdn Bhd | 234 | 605 | 41 | 215 |
| - Danga Bay Sdn Bhd | 39 | 308 | 13 | 293 |
| - Teras Hijaujaya Sdn Bhd | 22,308 | 6,324 | - | - |
| - Aramijaya Sdn Bhd | 309 | 220 | 309 | 183 |
| - Knusford Berhad | - | 55 | - | 55 |
| - Iskandar Waterfront Sdn Bhd | 471 | 196 | 410 | 185 |
| - Radiant Seas Sdn Bhd | 40 | 44 | 31 | 44 |
| - Rampai Fokus Sdn Bhd | 91 | - | 91 | - |
| - Knusford Marketing Sdn Bhd | 21,707 | - | - | - |
| Amounts owing to | | | | |
| - Knusford Holdings Sdn Bhd | - | (15) | - | - |
| - Knusford Equipment Sdn Bhd | (225) | - | - | - |
| - Knusford Marketing Sdn Bhd | (2,012) | (17,844) | - | - |
| - Iskandar Waterfront Sdn Bhd | (708) | - | - | - |
| - Aramijaya Sdn Bhd | (180) | - | - | - |
| - Knusford Construction Sdn Bhd | (172) | - | - | - |
| - Danga Bay Sdn Bhd | (183) | - | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 35. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel refers to the Board of Directors of the Group.

The remuneration paid to Directors during the financial year comprises:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Short term benefits | | | | |
| - directors' fees | 180 | 165 | 180 | 165 |
| - remuneration (salaries, allowances, bonuses and benefit-in-kind) | 5,132 | 4,205 | 1,523 | 1,500 |
| | 5,312 | 4,370 | 1,703 | 1,665 |
| Post employment benefits | | | | |
| - defined contribution plan | 586 | 431 | 180 | 180 |
| | 5,898 | 4,801 | 1,883 | 1,845 |

### 36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Aggregate cost of property, plant and equipment acquired | 14,803 | 10,607 | 270 | 2,543 |
| Financed via hire purchase | (10,011) | (6,516) | (222) | (1,468) |
| | 4,792 | 4,091 | 48 | 1,075 |

### 37. OPERATING LEASE ARRANGEMENTS

#### (a) The Group as lessor

The Group has entered into cancellable leases for commercial buildings and apartments leases to earn rental income from its investment properties. These leases have an average tenure of 1 to 3 years with an option to renew. The tenants are required to give 2 months' notice of the termination of these agreements. The Group does not have any contingent rental arrangements.

#### (b) The Group as lessee

The Group leases a number of office premises under cancellable operating leases for its operations. These leases have an average tenure of 1 to 3 years, with an option to renew. The Group is required to give 2 months' notice for the termination of the agreements.

The Group also leases certain machinery under cancellable operating lease agreements. The Group is required to give 2 month's notice for the termination of these agreements.

None of the above leases include any contingent rentals and there are no restrictions placed on the Group by entering into these leases.

## 38. CAPITAL COMMITMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Capital expenditure in respect of: | | | | |
| - purchase of properties, approved and contracted for | 25,800 | 768 | - | - |
| - concession assets, approved and contracted for | 830,830 | 949,955 | - | - |

## 39. CONTINGENT LIABILITIES

### (a) Secured guarantees

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 RM'000 | 2014 RM'000 | 2015 RM'000 | 2014 RM'000 |
| Guarantees given in favour of financial institutions for credit facilities granted to subsidiaries | - | - | 82,749 | 38,717 |

### (b) 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. Both the Company and Shapadu have closed their cases. 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.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 39. CONTINGENT LIABILITIES (CONT'D)

#### (b) Litigation (Cont'd)

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.

### 40. SEGMENT ANALYSIS

The Group's operating segment and reportable segments are business units engaging in providing different products and services.

#### (a) Business segment

(i) Construction operations
(ii) Property development
(iii) Investment holding
(iv) Toll operations

Transactions between segments are eliminated on consolidation.

| 2015 | Construction operations RM'000 | Property development RM'000 | Investment holding RM'000 | Toll operations RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 285,424 | 58,159 | 1,009 | 93,423 | 438,015 |
| **Result** | | | | | |
| Segment result | 28,897 | 15,051 | 3,861 | (3,010) | 44,799 |
| Unallocated finance costs | | | | | (13,033) |
| Profit before tax | | | | | 31,766 |
| Tax expense | | | | | (11,760) |
| Profit for the year | | | | | 20,006 |
| **Other information** | | | | | |
| Segment assets | 333,386 | 360,550 | 141,197 | 2,835,717 | 3,670,850 |
| Segment liabilities | 573,972 | 149,481 | - | 1,760,261 | 2,483,714 |
| Capital expenditure | 12,931 | 224 | 917 | 1,648 | 15,720 |
| Depreciation and amortisation | 4,432 | 329 | 5 | 3,285 | 8,051 |

## 40. SEGMENT ANALYSIS (CONT'D)

### (a) Business segment (Cont'd)

| 2014 | Construction operations RM'000 | Property development RM'000 | Investment holding RM'000 | Toll operations RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External sales | 137,471 | - | 2,248 | 89,407 | 229,126 |
| **Result** | | | | | |
| Segment result | 49,286 | - | 2,445 | (81,076) | (29,345) |
| Share of losses of associates | | | | | (3) |
| Unallocated finance costs | | | | | (10,167) |
| Unallocated income and gains | | | | | 47,241 |
| Profit before tax | | | | | 7,726 |
| Tax income | | | | | 5,474 |
| Profit for the year | | | | | 13,200 |
| **Other information** | | | | | |
| Segment assets | 266,579 | 130,254 | 138,093 | 2,878,221 | 3,413,147 |
| Segment liabilities | 397,452 | 122,830 | - | 1,791,079 | 2,311,361 |
| Capital expenditure | 9,411 | 1,053 | 804 | 143 | 11,411 |
| Depreciation and amortisation | 2,081 | 305 | 6 | 6,785 | 9,177 |

### (b) Geographical segment

The operations of the Group are entirely carried out in Malaysia.

## 41. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

| 2015 Group | Fair value through profit or loss RM'000 | Loans and receivables RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Receivables | - | 105,793 | 105,793 |
| Investment funds | 1,026,459 | - | 1,026,459 |
| Deposits, cash and bank balances | - | 160,098 | 160,098 |
| Total financial assets | 1,026,459 | 265,891 | 1,292,350 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015

### 41. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Classification of financial instruments (Cont'd)

| 2015 Group | At amortised cost RM'000 |
|---|---|
| **Financial liabilities** | |
| Payables | 144,656 |
| IMTN | 1,685,359 |
| Bank borrowings | 445,795 |
| Hire purchase liabilities | 14,489 |
| Total financial liabilities | 2,290,299 |

| 2014 Group | Fair value through profit or loss RM'000 | Loans and receivables RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Receivables | - | 62,270 | 62,270 |
| Investment funds | 1,289,355 | - | 1,289,355 |
| Deposits, cash and bank balances | - | 82,492 | 82,492 |
| Total financial assets | 1,289,355 | 144,762 | 1,434,117 |

| | At amortised cost RM'000 |
|---|---|
| **Financial liabilities** | |
| Payables | 206,646 |
| IMTN | 1,658,457 |
| Bank borrowings | 244,605 |
| Hire purchase liabilities | 7,835 |
| Total financial liabilities | 2,117,543 |

| 2015 Company | Loans and receivables RM'000 | Held to maturity RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Other investments | - | 180,000 | 180,000 |
| Receivables | 323,731 | - | 323,731 |
| Deposits, cash and bank balances | 25,228 | - | 25,228 |
| Total financial assets | 348,959 | 180,000 | 528,959 |

## 41. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Classification of financial instruments (Cont'd)

| 2015 Company | At amortised cost RM'000 |
|---|---|
| **Financial liabilities** | |
| Payables | 35,262 |
| Bank borrowings | 177,375 |
| Hire purchase liabilities | 1,773 |
| Total financial liabilities | 214,410 |

| 2014 Company | Loans and receivables RM'000 | Held to maturity RM'000 | Total RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Other investments | - | 180,000 | 180,000 |
| Receivables | 274,783 | - | 274,783 |
| Deposits, cash and bank balances | 49,788 | - | 49,788 |
| Total financial assets | 324,571 | 180,000 | 504,571 |

| | At amortised cost RM'000 |
|---|---|
| **Financial liabilities** | |
| Payables | 25,023 |
| Bank borrowings | 127,467 |
| Hire purchase liabilities | 2,511 |
| Total financial liabilities | 155,001 |

### (b) Fair values

The Group's investment funds carried at fair value are classified as Level 2 of the fair value hierarchy.

The fair value of IMTN of the Group at the end of the financial period is approximately RM2,281 million (2014: RM2,170 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 in view of their short- term nature. The fair value of non-derivative financial instruments is calculated based on the discounted cash flow method.

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management objective and policies is to minimise potential adverse effects on the financial performance of the Group 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 has been financing its operations mainly from internally generated funds and bank borrowings. The Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The management monitors the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. There have been no significant changes on the Group's exposure to financial risks from the previous year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

The Group'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 is 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 also relates the Group's short term deposits and interest-bearing borrowings.

*Financial assets*

Surplus funds are placed in short term deposits with licensed banks and finance companies to earn interest income based on prevailing market rates. The Group manages its interest rate risks by placing such funds on short tenures of 12 months or less.

*Financial liabilities*

The Group'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 financing cost is kept at the lowest possible. The Group does 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 has a policy to ensure that interest rates obtained are competitive.

It is the Group's policy not to trade in interest rate swap agreements.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 30 June 2015. If interest rate increase or decrease by 1% with all other variable held constant, the Group profit after tax would decrease or increase by RM4,038,000 (2014: RM1,946,000), as a result of lower or higher interest expense on these borrowings.

### (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 has a gain position.

The entire financial assets of the Group are exposed to credit risk except for bank balances, short term deposits and investment funds which are placed with licensed banks in Malaysia.

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Credit risk (Cont'd)

The Group's exposure to credit risk is monitored on an ongoing basis. The Group has credit risk policies in place to manage credit risk exposure. The risk is managed through the application of the Group's credit management procedures which include regular monitoring and follow up procedures.

The Group carefully selects the projects in which it intends to participate. The selection is based on criteria that are reviewed periodically to take into account developments in the market. The Group also manages its credit risk exposure by maintaining good business relationship with its customers. This approach has enabled the Group to manage its credit risk more effectively in addition to the above credit risk management procedures.

For other activities, the Group minimises and monitors its credit risk 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.

With regard to surplus cash, the Group seeks to invest its cash assets safely by depositing them with licensed financial institutions.

The aging analysis of receivables which are trade in nature is as follows:

| | Group | |
|---|---|---|
| | 2015<br>RM'000 | 2014<br>RM'000 |
| Not past due | 34,510 | 27,667 |
| 1 to 30 days past due | 36 | 115 |
| 31 to 60 days past due | 98 | 11 |
| 61 to 120 days past due | 2,893 | 75 |
| More than 120 days past due | 9,822 | 10,085 |
| | 47,359 | 37,953 |

| | Company | |
|---|---|---|
| | 2015<br>RM'000 | 2014<br>RM'000 |
| Not past due | 8,475 | 8,396 |
| 1 to 30 days past due | - | 87 |
| 31 to 60 days past due | 94 | 11 |
| 61 to 120 days past due | 376 | 75 |
| More than 120 days past due | - | - |
| | 8,945 | 8,569 |

Trade receivables past due at the end of the financial year, for which the Group has not recognised any allowance for doubtful debts, there has no significant change in their credit quality and the directors consider the amounts are recoverable.

At end of the financial year, the Group has no significant concentration of credit risk related to its financial assets, except for the exposure of credit risk on receivables from companies in which certain directors have financial interests amounting to RM45,257,000 (2014: RM7,969,000).

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Liquidity and cash flow risks

The Group 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 management on a monthly basis. Each unit must seek to ensure that projected cash inflows from operating and non-operating activities 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.

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 2015 | 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 |
|---|---|---|---|---|---|
| Payables | 144,656 | 144,656 | - | - | 144,656 |
| Hire purchase liabilities | 14,489 | 4,824 | 11,181 | - | 16,005 |
| IMTN | 1,685,359 | 110,049 | 567,700 | 3,002,317 | 3,680,066 |
| Bank borrowings | 445,795 | 332,627 | 142,441 | 6,091 | 481,159 |
| | 2,290,299 | 592,156 | 721,322 | 3,008,408 | 4,321,886 |

| Company 2015 | Carrying value RM'000 | Less than 1 year RM'000 | 1 to 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| Payables | 35,262 | 35,262 | - | 35,262 |
| Hire purchase liabilities | 1,773 | 834 | 1,038 | 1,872 |
| Bank borrowings | 177,375 | 160,989 | 27,980 | 188,969 |
| | 214,410 | 197,085 | 29,018 | 226,103 |

| Group 2014 | 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 |
|---|---|---|---|---|---|
| Payables | 206,646 | 206,646 | - | - | 206,646 |
| Hire purchase liabilities | 7,835 | 2,838 | 5,684 | - | 8,522 |
| IMTN | 1,658,457 | 110,000 | 569,000 | 3,110,000 | 3,789,000 |
| Bank borrowings | 244,605 | 8,139 | 262,905 | 3,013 | 274,057 |
| | 2,117,543 | 327,623 | 837,589 | 3,113,013 | 4,278,225 |

## 42. 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. (Cont'd)

| Company 2014 | Carrying value RM'000 | Less than 1 year RM'000 | 1 to 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| Payables | 25,023 | 25,023 | - | 25,023 |
| Hire purchase liabilities | 2,511 | 1,032 | 1,660 | 2,692 |
| Bank borrowings | 127,467 | 81,801 | 55,500 | 137,301 |
| | 155,001 | 107,856 | 57,160 | 165,016 |

## 43. CAPITAL MANAGEMENT

The primary objectives 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 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.

There were no changes made in the objectives and approach to the capital management during the financial year.

| | Group 2015 RM'000 | 2014 RM'000 |
|---|---|---|
| Share capital | 427,724 | 427,724 |
| Reserves | 754,719 | 670,863 |
| Total equity | 1,182,443 | 1,098,587 |
| IMTN | 1,685,359 | 1,658,457 |
| Bank borrowings | 445,795 | 244,605 |
| Hire purchase liabilities | 14,489 | 7,835 |
| Total debts | 2,145,643 | 1,910,897 |
| Debt-to-equity ratio (times) | 1.81 | 1.74 |

Under the requirement to Bursa Malaysia Practice Note No. 17, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

## 44. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group acquired the following subsidiaries:

(i) On 10 November 2014, Nuzen Corporation Sdn Bhd ("Nuzen"), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1 each in Ekovest Park and Ride Sdn Bhd ("EPR"), representing the entire issued and paid-up share capital of EPR for a total cash consideration of RM2.

(ii) On 5 February 2015, Nuzen, a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1 each in DUKE Development Sdn Bhd ("DDSB"), representing the entire issued and paid-up share capital of DDSB for a total cash consideration of RM2.

(iii) On 26 February 2015, Nuzen, a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1 each in Lebuhraya DUKE Fasa 3 Sdn Bhd ("LDF3"), representing the entire issued and paid-up share capital of LDF3 for a total cash consideration of RM2.

(iv) On 24 June 2015, Nuzen, a wholly-owned subsidiary of the Company, acquired 7 ordinary shares of RM1 each in Lebuhraya DUKE Fasa 2A Sdn Bhd ("LDF2A"), representing 70% of the issued and paid-up share capital of LDF2A for a cash consideration of RM7.

The acquisitions 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 2015.

## 45. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 30 June 2014, Wira Kristal Sdn Bhd ("Wira Kristal"), a direct subsidiary of the Company, acquired the remaining 30% equity interest in Nuzen for the purchase consideration of RM74.25 million. Following the completion of the acquisition, Wira Kristal holds 100% equity interest in Nuzen.

The impact of the purchase of further interest in Nuzen in previous financial year is as follows:

| | 2014<br>RM'000 |
|---|---|
| Consideration paid to non-controlling interest | 74,250 |
| Carrying amount of non-controlling interest acquired | (104,943) |
| Difference recognised in equity | (30,693) |

## 46. SUBSEQUENT EVENTS

(i) On 3 September 2015, Ekovest Properties Sdn Bhd, a wholly-owned subsidiary, entered into a sale and purchase agreement ("SPA") for the purchase of a piece of freehold land held under G.M. 931, Lot No. 16345, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 7,280 square feet together with a four storey building and sub- basement car park erected thereon for a total consideration of RM5,241,600.

(ii) On 3 September 2015, Ekovest Properties Sdn Bhd, a wholly-owned subsidiary, entered into a SPA for the purchase of a piece of freehold land held under G.M. 932, Lot No. 16346, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 8,415 square feet together with a four storey building and sub-basement car park erected thereon for a total consideration of RM6,058,800.

(iii) On 6 October 2015, Ekovest Properties Sdn Bhd, a wholly-owned subsidiary, entered into a SPA for the purchase of a piece of freehold land held under G.M. 930, Lot No. 16344, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan measuring approximately 149 square meters together with a four storey building and sub-basement car park erected thereon for a total consideration of RM2,300,000.

## 46. SUBSEQUENT EVENTS (CONT'D)

(iv) According to the Company's announcement on 12 October 2015, Kesturi, the holder of Duta-Ulu Kelang Expressway concession, announced a new toll rate at all its toll plaza effective 15 October 2015. The new toll rates are in-line with the CA signed with the Government on 12 August 2004 for all classes of vehicles except for class 5 which is for buses. The new toll rates which shall be effective 15 October 2015 are as follows:

| | | Toll rate (RM) | | |
|---|---|---|---|---|
| **Vehicle class** | | **Ayer Panas toll plaza** | **Sentul Pasar toll plaza** | **Kg. Batu toll plaza** |
| Class 1 | - vehicles with two axles and three or four wheels (but excluding taxis and buses) | 2.50 | 2.50 | 2.50 |
| Class 2 | - vehicles with two axles and having five or six wheels (but excluding buses) | 3.80 | 3.80 | 3.80 |
| Class 3 | - vehicles having three or more axles (excluding buses) | 5.00 | 5.00 | 5.00 |
| Class 4 | - taxis | 1.30 | 1.30 | 1.30 |
| Class 5 | - buses | 1.30 | 1.30 | 1.30 |

## 47. CHANGE IN COMPARATIVE FIGURES

The following reclassification have been made to the prior year's consolidated statement of comprehensive income to conform with the current year's presentation:

| **2014**<br>**Statements of comprehensive income**<br>**Group** | **As previously reported RM'000** | **Reclassification RM'000** | **As reclassified RM'000** |
|---|---|---|---|
| Selling and marketing expenses | - | 2,458 | 2,458 |
| Administrative and general expenses | 34,380 | (2,458) | 31,922 |

## 48. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Directors on 23 October 2015.

## 49. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained earnings of the Group and of the Company as at the reporting date, into realised and unrealised profits, pursuant to Bursa Malaysia Securities Berhad Listing Requirements, is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2015<br>RM'000 | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000 |
| Total retained earnings | | | | |
| - realised | 210,984 | 214,211 | (2,246) | 9,414 |
| - unrealised | 53,148 | 48,518 | 7,362 | 4,502 |
| | 264,132 | 262,729 | 5,116 | 13,916 |

The determination of realised and unrealised profits or losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

The disclosure of realised and unrealised profits/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be used for any other purposes.

# STATEMENT BY DIRECTORS
## PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 57 to 117 are drawn up:

(a) so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the year then ended; and

(b) in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

In the opinion of the Directors, the information set out in Note 49 on page 118 have been compiled in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Directors in accordance
with a Directors' resolution dated

**TAN SRI DATO' LIM KANG HOO**
**Director**

**DATUK LIM KENG CHENG**
**Director**

# STATUTORY DECLARATION
## PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lim Soo San, 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 57 to 117 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 at )
Kuala Lumpur in the Federal Territory )
)
this )
)
) **LIM SOO SAN**

Before me:

**Commissioner for Oaths**

# MATERIAL LITIGATION
## OF EKOVEST BERHAD AND ITS SUBSIDIARIES

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

(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.

# MATERIAL CONTRACTS
## OF EKOVEST BERHAD AND ITS SUBSIDIARIES

Save as disclosed below, neither the Company nor its subsidiaries has entered into any material contracts, not being contracts entered into the ordinary course of business, within the two (2) years immediately preceding the date of this Report.

The Ekovest Group had on 29 January 2014 entered into a conditional share sale agreement to acquire the remaining 30% interest in Nuzen Corporation Sdn Bhd (**"Nuzen"**) and Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (**"Kesturi"**) comprising of the following acquisition by:-

(a) Wira Kristal Sdn Bhd (**"WKSB"**), a wholly-owned subsidiary of Ekovest, of 1,500,000 ordinary shares of RM1.00 each in Nuzen and 13,500,000 redeemable preference shares of RM1.00 each in Nuzen representing the remaining 30% equity interest in Nuzen not held by WKSB;

(b) Ekovest Construction Sdn Bhd, a wholly-owned subsidiary of Ekovest, of 585 Series A redeemable preference shares of RM1.00 each in Kesturi; and

(c) Ekovest of RM54,000,000 nominal value redeemable secured junior bonds in Kesturi,

from Malaysian Resources Corporation Berhad for a total cash purchase consideration of RM228.0 million (**"Acquisition"**).

The Acquisition has been completed on 30 June 2014 and following the completion of the Acquisition, Nuzen and Kesturi are now wholly-owned subsidiaries of Ekovest.

# ADDITIONAL COMPLIANCE INFORMATION

## • UTILISATION OF PROCEEDS

There are no corporate proposals announced but not completed as at the date of this 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 | | | | |

**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.*

## • SHARE BUY-BACK

There was no share buy-back by the Company.

## • DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme.

## • SANCTIONS AND/OR PENALTIES IMPOSED

There are no fines or sanctions imposed on the Company and its subsidiaries, directors or management.

## • NON AUDIT FEES

There was a total of RM48,500 paid to the external auditors for non-audit fees during the financial year ended 30 June 2015.

## • VARIATION IN RESULTS

There was no significant variation in the financial results of the Company and the group as compared to the previously announced unaudited profit.

# ADDITIONAL COMPLIANCE INFORMATION

- **PROFIT ESTIMATE, FORECAST OR PROJECTION**

The Company did not issue any profit estimate, forecast or projection for the financial year ended 30 June 2015.

- **PROFIT GUARANTEE**

The Company did not give any profit guarantee.

- **OPTIONS OR CONVERTIBLE SECURITIES**

*(a) Warrants*

On 30 June 2014, a total of 122,206,980 warrants were listed on Bursa Malaysia Securities Berhad. The exercise price of the warrants has been fixed at RM1.35 for every new ordinary share of RM0.50 each in Ekovest. During the financial year ended 30 June 2015, none of the warrants have been exercised.

*(b) Employees' Share Option Scheme ("ESOS")*

The ESOS of the Company had been implemented on 26 September 2014 and shall expire on 25 September 2019, unless extended for an additional 5 years. In accordance with the ESOS By-Law, the aggregate maximum allocation applicable to Directors and senior management shall not exceed 75% of the options available under the scheme. No ESOS were granted to during the financial year ended 30 June 2015.

- **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 Friday, 18 December 2015.

# ANALYSIS OF SHAREHOLDINGS
## AS AT 30 OCTOBER 2015

| | | |
|---|---|---|
| Date of Annual Report | : | 27 November 2015 |
| Statement Date | : | 30 October 2015 |

## I SUBSTANTIAL SHAREHOLDERS

| No. | Name | Direct Shareholdings | % | Indirect Shareholdings | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Dato' Lim Kang Hoo | 172,682,089 | 20.19 | 104,300,009 [1] | 12.19 |
| 2. | Kota Jayasama Sdn Bhd | 172,432,061 | 20.16 | - | - |
| 3. | Ekovest Holdings Sdn Bhd | 104,300,009 | 12.19 | - | - |
| 4. | Khoo Nang Seng @ Khoo Nam Seng | 49,576,800 | 5.80 | - | - |
| 5. | Lim Seong Hai Holdings Sdn Bhd | 50,821,200 | 5.94 | - | - |
| 6. | Dato' Haris Onn Bin Hussein | | | 172,432,061 [2] | 20.16 |
| 7. | Datuk Lim Keng Cheng | - | - | 50,821,200 [3] | 5.94 |
| 8. | Lim Keng Guan | - | - | 50,821,200 [3] | 5.94 |
| 9. | Lim Keng Hun | - | - | 50,821,200 [3] | 5.94 |
| 10. | Lim Pak Lian | - | - | 50,821,200 [3] | 5.94 |
| | **TOTAL** | 549,812,159 | 64.28 | | |

## II DIRECTORS' SHAREHOLDINGS

| No. | Name | Direct Shareholdings | % | Indirect Shareholdings | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Dato' Lim Kang Hoo | 172,682,089 | 20.19 | 104,300,009 [1] | 12.19 |
| 2. | Datuk Lim Keng Cheng | - | - | 50,821,200 [3] | 5.94 |
| 3. | Khoo Nang Seng @ Khoo Nam Seng | 49,576,800 | 5.80 | - | - |
| 4. | Lim Hoe | 3,851,300 | 0.45 | - | - |
| 5. | Kang Hui Ling | - | - | - | - |
| 6. | Lim Ts-Fei | - | - | - | - |
| 7. | Chow Yoon Sam | 56,000 | 0.01 | - | - |
| 8. | Dr. Wong Kai Fatt | - | - | - | - |
| 9. | Lee Wai Kuen | - | - | - | - |
| | **TOTAL** | 226,166,189 | 26.45 | | |

**Notes:**

[1] Deemed interest by virtue of his shareholdings in Ekovest Holdings Sdn Bhd

[2] Deemed interest by virtue of his shareholdings in Kota Jayasama Sdn Bhd

[3] Deemed interest by virtue of his/their shareholdings in Lim Seong Hai Holdings Sdn Bhd

# ANALYSIS OF SHAREHOLDINGS
## AS AT 30 OCTOBER 2015

## III CLASS OF EQUITY SECURITY

| | | |
|---|---|---|
| Authorised Share Capital | : | RM1,000,000,000 |
| Issued and Fully Paid-up | : | RM427,724,430 |
| Class of Security | : | Ordinary Share of RM0.50 each |
| No. of Shareholders | : | 2,152 |
| Voting Rights | : | Each share entitles the holder to 1 vote |

## IV DISTRIBUTION BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | Shareholders | % | Shareholdings | % |
|---|---|---|---|---|
| Less than 100 | 24 | 1.12 | 704 | 0.00 |
| 100 to 1,000 | 108 | 5.02 | 69,314 | 0.01 |
| 1,001 to 10,000 | 1,184 | 55.02 | 6,318,540 | 0.74 |
| 10,001 to 100,000 | 669 | 31.09 | 21,341,040 | 2.49 |
| 100,001 to less than 5% of issued shares | 161 | 7.48 | 368,767,109 | 43.11 |
| 5% and above of issued shares | 6 | 0.28 | 458,952,153 | 53.65 |
| **TOTAL** | 2,152 | 100.00 | 855,448,860 | 100.00 |

# ANALYSIS OF SHAREHOLDINGS
## AS AT 30 OCTOBER 2015

### THIRTY (30) LARGEST SHAREHOLDERS

| No. | Name | Shareholdings | % |
|---|---|---|---|
| 1 | Tan Sri Dato' Lim Kang Hoo | 108,178,442 | 12.65 |
| 2 | Kota Jayasama Sdn Bhd | 95,392,811 | 11.15 |
| 3 | Amsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account - Ambank (M) Berhad for Kota Jayasama Sdn Bhd | 77,039,250 | 9.01 |
| 4 | Amsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account - Ambank (M) Berhad for Tan Sri Dato' Lim Kang Hoo | 64,503,647 | 7.54 |
| 5 | Ekovest Holdings Sdn Bhd | 64,261,203 | 7.51 |
| 6 | Khoo Nang Seng @ Khoo Nam Seng | 49,576,800 | 5.80 |
| 7 | Amsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account - Ambank (M) Berhad for Ekovest Holdings Sdn Bhd | 40,038,806 | 4.68 |
| 8 | Lim Seong Hai Holdings Sdn Bhd | 28,764,500 | 3.36 |
| 9 | RHB Nominees (Tempatan) Sdn Bhd<br>- OSK Capital Sdn Bhd for Pembinaan Hamid Abd. Rahman Sdn Bhd | 24,196,760 | 2.83 |
| 10 | Lim Seong Hai Holdings Sdn Bhd | 22,056,700 | 2.58 |
| 11 | Amanahraya Trustees Berhad<br>- Public Smallcap Fund | 21,152,020 | 2.47 |
| 12 | CIMB Group Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank Berhad (EDP 2) | 17,431,906 | 2.04 |
| 13 | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Yap Song Ming | 12,836,000 | 1.50 |
| 14 | Citigroup Nominees (Asing) Sdn Bhd<br>- Exempt An for Citibank New York (Norges Bank 1) | 11,033,732 | 1.29 |
| 15 | Cimsec Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank for Mohamad Nor Bin Hamid | 9,987,720 | 1.17 |
| 16 | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An for The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL) | 8,876,560 | 1.04 |
| 17 | HSBC Nominees (Asing) Sdn Bhd<br>- Bintang Mas Consulting Ltd | 7,594,240 | 0.89 |
| 18 | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Lye Sau Chee | 7,507,920 | 0.88 |
| 19 | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Tan Lai Leng | 7,418,320 | 0.87 |
| 20 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Mohamad Nor Bin Hamid | 7,248,360 | 0.85 |

## THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

| No. | Name | Shareholdings | % |
|---|---|---|---|
| 21 | Maybank Nominees (Tempatan) Sdn Bhd<br>- Maybank Trustees Berhad for Public Ittikal Fund | 7,000,000 | 0.82 |
| 22 | Amsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Tan Leak Goh | 6,291,040 | 0.74 |
| 23 | Lokman Bin Omar | 6,274,800 | 0.73 |
| 24 | Ho Sau Mun | 5,605,126 | 0.66 |
| 25 | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Suhaizi Bin Hamid | 5,171,880 | 0.60 |
| 26 | Loh Yu San | 4,942,280 | 0.58 |
| 27 | Lim Kia Hiong | 4,698,120 | 0.55 |
| 28 | Yong Wee Chin | 4,533,480 | 0.53 |
| 29 | Lim Hoe | 3,851,300 | 0.45 |
| 30 | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Yap Kok Woon | 3,821,600 | 0.45 |

# ANALYSIS OF WARRANTS HOLDINGS
## AS AT 30 OCTOBER 2015

Date of Annual Report : 27 November 2015
Statement Date : 30 October 2015

## I SUBSTANTIAL WARRANTS HOLDERS

| No. | Name | Direct | % | Indirect | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Dato' Lim Kang Hoo | 24,668,869 | 20.19 | 14,900,004 [1] | 12.19 |
| 2. | Kota Jayasama Sdn Bhd | 24,633,151 | 20.16 | - | - |
| 3. | Ekovest Holdings Sdn Bhd | 14,900,004 | 12.19 | - | - |
| 4. | Khoo Nang Seng @ Khoo Nam Seng | 7,082,400 | 5.80 | - | - |
| 5. | Lim Seong Hai Holdings Sdn Bhd | 6,680,600 | 5.47 | - | - |
| 6. | Dato' Haris Onn Bin Hussein | | | 24,633,151 [2] | 20.16 |
| 7. | Datuk Lim Keng Cheng | - | - | 6,680,600 [3] | 5.47 |
| 8. | Lim Keng Guan | - | - | 6,680,600 [3] | 5.47 |
| 9. | Lim Keng Hun | - | - | 6,680,600 [3] | 5.47 |
| 10. | Lim Pak Lian | - | - | 6,680,600 [3] | 5.47 |
| | **TOTAL** | 77,965,024 | 63.81 | | |

## II DIRECTORS' WARRANTS HOLDINGS

| No. | Name | Direct | % | Indirect | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Dato' Lim Kang Hoo | 24,668,869 | 20.19 | 14,900,004 [1] | 12.19 |
| 2. | Datuk Lim Keng Cheng | - | - | 6,680,600 [3] | 5.47 |
| 3. | Khoo Nang Seng @ Khoo Nam Seng | 7,082,400 | 5.80 | - | - |
| 4. | Lim Hoe | 569,650 | 0.47 | - | - |
| 5. | Kang Hui Ling | - | - | - | - |
| 6. | Lim Ts-Fei | - | - | - | - |
| 7. | Chow Yoon Sam | 8,000 | 0.01 | - | - |
| 8. | Dr. Wong Kai Fatt | - | - | - | - |
| 9. | Lee Wai Kuen | - | - | - | - |
| | **TOTAL** | 32,328,919 | 26.47 | | |

**Notes:**

[1] Deemed interest by virtue of his shareholdings in Ekovest Holdings Sdn Bhd
[2] Deemed interest by virtue of his shareholdings in Kota Jayasama Sdn Bhd
[3] Deemed interest by virtue of his/their shareholdings in Lim Seong Hai Holdings Sdn Bhd

# ANALYSIS OF WARRANTS HOLDINGS
## AS AT 30 OCTOBER 2015

## III CLASS OF EQUITY SECURITY

| | | |
|---|---|---|
| Type of Securities | : | Warrants 2014/2019 |
| No. of Warrants Issued | : | 122,206,980 |
| No. of Warrants Holders | : | 1,065 |
| Voting Rights | : | The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company until and unless such holders of Warrants exercise their Warrants for new Ekovest Shares |

## IV DISTRIBUTION BY SIZE OF WARRANTS HOLDINGS

| Size of Warrants Holdings | No. of Warrants Holders | % | No. of Warrants Held | % |
|---|---|---|---|---|
| Less than 100 | 16 | 1.50 | 780 | 0.00 |
| 100 to 1,000 | 249 | 23.38 | 149,535 | 0.12 |
| 1,001 to 10,000 | 483 | 45.35 | 2,058,450 | 1.68 |
| 10,001 to 100,000 | 243 | 22.82 | 8,048,580 | 6.59 |
| 100,001 to less than 5% of issued securities | 70 | 6.57 | 40,665,211 | 33.28 |
| 5% and above of issued securities | 4 | 0.38 | 71,284,424 | 58.33 |
| **TOTAL** | 1,065 | 100.00 | 122,206,980 | 100.00 |

# ANALYSIS OF WARRANTS HOLDINGS
## AS AT 30 OCTOBER 2015

### THIRTY (30) LARGEST WARRANTS HOLDERS

| No. | Name | Warrant Held | % |
|---|---|---|---|
| 1 | Tan Sri Dato' Lim Kang Hoo | 24,668,869 | 20.19 |
| 2 | Kota Jayasama Sdn Bhd | 24,633,151 | 20.16 |
| 3 | Ekovest Holdings Sdn Bhd | 14,900,004 | 12.19 |
| 4 | Khoo Nang Seng @ Khoo Nam Seng | 7,082,400 | 5.80 |
| 5 | Lim Seong Hai Holdings Sdn Bhd | 3,928,800 | 3.21 |
| 6 | RHB Nominees (Tempatan) Sdn Bhd<br>- OSK Capital Sdn Bhd for Pembinaan Hamid Abd. Rahman Sdn Bhd | 3,456,680 | 2.83 |
| 7 | Lim Seong Hai Holdings Sdn Bhd | 2,751,800 | 2.25 |
| 8 | CIMB Group Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank Berhad (EDP 2) | 2,490,272 | 2.04 |
| 9 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>- Pledged Securties Account for Shin Kong Kew @ Chin Kong Kew (R25 Margin) | 1,844,600 | 1.51 |
| 10 | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securties Account for Yap Song Ming | 1,750,700 | 1.43 |
| 11 | HSBC Nominees (Asing) Sdn Bhd<br>- Bintang Mas Consulting Ltd | 1,315,520 | 1.08 |
| 12 | Cimsec Nominees (Tempatan) Sdn Bhd<br>- CIMB Bank for Mohamad Nor Bin Hamid | 1,283,960 | 1.05 |
| 13 | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An for The Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL) | 1,268,080 | 1.04 |
| 14 | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Lye Sau Chee | 1,072,560 | 0.88 |
| 15 | RHB Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Tan Lai Leng | 1,059,760 | 0.87 |
| 16 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Mohamad Nor Bin Hamid | 1,035,480 | 0.85 |
| 17 | Lokman Bin Omar | 896,400 | 0.74 |
| 18 | Amsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Tan Leak Goh | 778,720 | 0.64 |
| 19 | Maybank Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Suhaizi Bin Hamid | 738,840 | 0.60 |
| 20 | Wong Khai Shiuan | 730,720 | 0.60 |

## ANALYSIS OF WARRANTS HOLDINGS
### AS AT 30 OCTOBER 2015

### THIRTY (30) LARGEST WARRANTS HOLDERS (CONT'D)

| No. | Name | Warrant Held | % |
|---|---|---|---|
| 21 | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Yap Kok Woon | 713,760 | 0.58 |
| 22 | Loh Yu San | 706,040 | 0.58 |
| 23 | Lim Kia Hiong | 671,160 | 0.55 |
| 24 | Yong Wee Chin | 647,640 | 0.53 |
| 25 | Cimsec Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Cheah Eng Khoon (SECT 17-CL) | 619,000 | 0.51 |
| 26 | Beh Eng Par | 589,000 | 0.48 |
| 27 | Lim Hoe | 569,650 | 0.47 |
| 28 | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch) | 549,531 | 0.45 |
| 29 | Koh Hong Seng | 477,480 | 0.39 |
| 30 | Mohamad Nor Bin Hamid | 440,000 | 0.36 |

# PARTICULARS OF PROPERTIES
## AS AT 30 JUNE 2015

List of top 10 properties in term of highest net book value which include all the properties with a net book value of 5% or more of the consolidated total assets.

| LOCATION | AGE | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|
| PT9181,<br>H.S.D 119512<br>Mukim Kuala Lumpur<br>(DOA: 04-02-2000) | N/A | Freehold | Vacant Land | 45,833# | 66,036 | 66,036 |
| Lot 9460 to 9578,<br>Mukim Setapak, K.L<br>(118 titles)<br>(DOA: 09-07-2007) | N/A | Freehold | Vacant Land | 23,472# | 20,077 | 20,077 |
| Part of lands held<br>under H Geran 250679<br>Lot 45370<br>Danga View Apartment<br>Bandar of Johor<br>District of Johor Bahru<br>Johor Darul Takzim.<br>(DOA: 24-11-2005)<br>6 Units<br>(DOA: 07-02-2002)<br>3 Units<br>(DOA: 15-01-2001)<br>8 Units | 11 years | Freehold | 17 units<br>of Apartment | 4,511^ | 20,815 | 20,815 |
| Geran 163 Lot 2767,<br>Geran 164 Lot 2768,<br>Mukim Setapak<br>(DOA: 01-10-2010) | N/A | Freehold | Vacant Land | 14,970# | 15,370 | 15,370 |
| Geran Mukim 2026<br>Lot 436,<br>Section 85, town of<br>Kuala Lumpur<br>(DOA:13-11-2007) | N/A | Freehold | Vacant Land | 7,298# | 12,000 | 12,000 |
| Geran Mukim 4534<br>Lot 435, Section 85,<br>town of Kuala Lumpur.<br>(DOA: 10-08-2010) | N/A | Freehold | Vacant Land | 4,509# | 10,317 | 10,317 |
| Geran 57616 Lot 520,<br>Geran 57617 Lot 521,<br>Section 85, town of<br>Kuala Lumpur.<br>(DOA: 17-12-2007) | N/A | Freehold | Vacant Land | 4,658# | 9,997 | 9,997 |

## PARTICULARS OF PROPERTIES
AS AT 30 June 2015

List of top 10 properties in term of highest net book value which include all the properties with a net book value of 5% or more of the consolidated total assets. (Cont'd)

| LOCATION | AGE | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|
| Geran 20722 Lot 297, Geran 20723 Lot 298, Geran 20724 Lot 299, Geran 20725 Lot 300 and Geran 20726 Lot 301 Section 85, town of Kuala Lumpur. (DOA: 14-08-2006) | N/A | Freehold | Vacant Land | 5,683# | 9,695 | 9,695 |
| PN51151, Lot 20001, Section 85, town of Kuala Lumpur (DOA: 7-10-2014) | N/A | Leasehold 99 years expiring on 1 Nov 2110 | Vacant Land | 2,748# | 9,500 | 9,500 |
| Part of land held under Strata Geran No. 358304, Bandar Johor Bahru (DOA: 25-06-2010) | 6 years | Freehold | 5 units of 3 Storey shop office and 1 unit of 4 storey shop office | 22,586^ | 8,700 | 8,700 |

Note: DOA: Date of Acquisition.-Refers to Sales and Purchase Agreement.

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# FORM OF PROXY

**EKOVEST BERHAD** (132493-D)
Incorporated in Malaysia

Number of ordinary shares held

I/We ____________________________________________
(Full Name In Capital Letters)

of ____________________________________________
(Full Address)

being a member/members of Ekovest Berhad ("Company"), do hereby appoint ____________________
(Full Name In Capital Letters)

of ____________________________________________
(Full Address)

or failing him/her ____________________________________________
(Full Name In Capital Letters)

of ____________________________________________
(Full Address)

or failing him/her, the Chairman of the **Thirtieth Annual General 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 **Grand Seasons Hotel,** 72 Jalan Pahang, 53000 Kuala Lumpur on **Friday, 18 December 2015** at **11.30 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:<br>i) Ms. Kang Hui Ling | (Resolution 1) | | |
| | ii) Ms. Lim Ts-Fei | (Resolution 2) | | |
| | iii) Dr. Wong Kai Fatt | (Resolution 3) | | |
| 2. | Re-appointment of Mr. Khoo Nang Seng @ Khoo Nam Seng | (Resolution 4) | | |
| 3. | Approval of Directors' Fees | (Resolution 5) | | |
| 4. | Declaration of First and Final Single Tier Dividend | (Resolution 6) | | |
| 5. | Re-appointment of Auditors | (Resolution 7) | | |
| 6. | Ordinary Resolution<br>Continuing In Office As Independent Non-Executive Director | (Resolution 8) | | |
| | Ordinary Resolution<br>Authorisation pursuant to Section 132D | (Resolution 9) | | |
| | Ordinary Resolution<br>Proposed Renewal of Shareholders' Mandate and Additional Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | (Resolution 10) | | |

(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 ____________ 2015

Signature of Shareholder

**Notes**:

1. Only depositors whose names appear in the General Meeting Record of Depositors as at 30 November 2015 shall be entitled to attend and vote at the Extraordinary 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 and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to 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.

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THE COMPANY SECRETARY

**EKOVEST BERHAD**
(132493-D)

GROUND FLOOR, WISMA EKOVEST,
No. 118, JALAN GOMBAK
53000 KUALA LUMPUR.

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STAMP

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**EKOVEST BERHAD**
(132493-D)

GROUND FLOOR, WISMA EKOVEST,
No. 118, JALAN GOMBAK 53000 KUALA LUMPUR.
Tel : 03-4021 5948 Fax : 03-4021 5943

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