



(506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER 31 DECEMBER 2018**

	Quarter ended		Year-to-date ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	101,219	47,804	256,554	241,328
Cost of sales	(57,190)	(26,030)	(109,086)	(136,118)
Gross profit	44,029	21,774	147,468	105,210
Other income	4,111	6,239	9,846	16,485
Selling and marketing expenses	(1,628)	916	(1,992)	(2,229)
Administrative expenses	(17,404)	(22,936)	(42,624)	(47,044)
Finance costs	(22,984)	(24,508)	(91,652)	(98,140)
Other expenses	(11,312)	(12,218)	(11,943)	(12,860)
Profit/(Loss) before tax	(5,188)	(30,733)	9,103	(38,578)
Income tax expense	(4,949)	(995)	(13,107)	(1,619)
Profit/(Loss) net of tax	(10,137)	(31,728)	(4,004)	(40,197)
<b>Other comprehensive income/(loss)</b>				
Foreign currency translation	671	1,537	2,146	884
<b>Total comprehensive income for the year</b>	<b>(9,466)</b>	<b>(30,191)</b>	<b>(1,858)</b>	<b>(39,313)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the parent	(9,112)	(27,131)	(2,097)	(35,736)
Non-controlling interest	(1,025)	(4,597)	(1,907)	(4,461)
	<b>(10,137)</b>	<b>(31,728)</b>	<b>(4,004)</b>	<b>(40,197)</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the parent	(8,441)	(25,594)	49	(34,852)
Non-controlling interest	(1,025)	(4,597)	(1,907)	(4,461)
	<b>(9,466)</b>	<b>(30,191)</b>	<b>(1,858)</b>	<b>(39,313)</b>
<b>Earnings/(Loss) per share attributable to owner of the parent (sen)</b>				
Basic	(3.10)	(9.57)	(0.71)	(12.61)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	As at 31.12.2018	As at 31.12.2017 (Restated)	As at 01.01.2017 (Restated)
	RM'000	RM'000	RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5,622	6,258	6,878
Intangible assets	13,706	18,875	25,042
Investment properties	303,620	314,740	325,130
Investment in associate	30	30	-
Land held for property development	479,623	385,469	293,836
Trade and other receivables	761,751	814,222	866,693
Other investments	4,384	4,741	4,857
Deferred tax assets	19,806	12,892	11,478
	<u>1,588,542</u>	<u>1,557,227</u>	<u>1,533,914</u>
<b>Current assets</b>			
Inventories	144,149	248,539	328,919
Tax recoverable	571	10,067	5,185
Trade and other receivables	142,311	92,816	134,664
Contract cost	1,175	20,890	-
Other current assets	26,894	65,597	44,152
Other investments	111,689	118,331	113,267
Cash and bank balances	63,179	22,689	62,843
	<u>489,968</u>	<u>578,929</u>	<u>689,030</u>
Asset of disposal group classified as held for sale	97	97	23,087
	<u>490,065</u>	<u>579,026</u>	<u>712,117</u>
<b>Total assets</b>	<u>2,078,607</u>	<u>2,136,253</u>	<u>2,246,031</u>

[The rest of this page is intentionally left blank]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018 (contd.)**

	As at 31.12.2018	As at 31.12.2017 (Restated)	As at 01.01.2017 (Restated)
	RM'000	RM'000	RM'000
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	299,063	231,739	209,277
Other current liabilities	54,715	102,924	30,326
Loans and borrowings	114,548	109,812	141,623
Income tax payable	4,715	99	1,391
	<u>473,041</u>	<u>444,574</u>	<u>382,617</u>
Liabilities directly associated with disposal group classified as held for sale	948	945	934
	<u>473,989</u>	<u>445,519</u>	<u>383,551</u>
<b>Non-current liabilities</b>			
Trade and other payables	263,368	300,610	334,434
Loans and borrowings	863,299	909,112	1,017,041
Deferred tax liabilities	1,707	2,910	3,538
	<u>1,128,374</u>	<u>1,212,632</u>	<u>1,355,013</u>
<b>Total liabilities</b>	<u>1,602,363</u>	<u>1,658,151</u>	<u>1,738,564</u>
<b>Equity attributable to owners of parent</b>			
Share capital	392,898	392,898	278,648
Share premium	-	-	104,302
Treasury shares	(327)	(327)	(327)
Other reserves	3,210	1,064	180
Retained earnings	(4,031)	(1,934)	33,802
	<u>391,750</u>	<u>391,701</u>	<u>416,605</u>
Non-controlling interest	84,494	86,401	90,862
<b>Total equity</b>	<u>476,244</u>	<u>478,102</u>	<u>507,467</u>
<b>Total equity and liabilities</b>	<u>2,078,607</u>	<u>2,136,253</u>	<u>2,246,031</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.33</u>	<u>1.38</u>	<u>1.50</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**ENCORP BERHAD (506836-X)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	← Non-distributable →				Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Retained Profit RM'000	Total RM'000		
<b>At 1 January 2018 (Restated)</b>	392,898	-	(327)	1,064	(1,934)	391,701	86,401	478,102
Total comprehensive income for the period	-	-	-	-	(2,097)	(2,097)	(1,907)	(4,004)
Other comprehensive income	-	-	-	2,146	-	2,146	-	2,146
<b>At 31 December 2018</b>	<b>392,898</b>	<b>-</b>	<b>(327)</b>	<b>3,210</b>	<b>(4,031)</b>	<b>391,750</b>	<b>84,494</b>	<b>476,244</b>
<b>At 1 January 2017</b>	278,648	104,302	(327)	180	39,199	422,002	90,862	512,864
Effect of the first-time adoption of MFRS	-	-	-	-	(5,397)	(5,397)	-	(5,397)
<b>At 1 January 2017 (Restated)</b>	<b>278,648</b>	<b>104,302</b>	<b>(327)</b>	<b>180</b>	<b>33,802</b>	<b>416,605</b>	<b>90,862</b>	<b>507,467</b>
Total comprehensive income for the period	-	-	-	-	(35,736)	(35,736)	(4,461)	(40,197)
Other comprehensive income	-	-	-	884	-	884	-	884
<b>Transaction with owners:</b>								
Private placement exercise	9,948	-	-	-	-	9,948	-	9,948
Transfer arising from "no par value" regime	104,302	(104,302)	-	-	-	-	-	-
<b>At 31 December 2017 (Restated)</b>	<b>392,898</b>	<b>-</b>	<b>(327)</b>	<b>1,064</b>	<b>(1,934)</b>	<b>391,701</b>	<b>86,401</b>	<b>478,102</b>

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	Year-to-date ended	
	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	9,103	(38,578)
<u>Adjustments:</u>		
Depreciation	654	676
Amortisation of intangible assets	169	184
Reversal of impairment of trade receivables	-	(2,459)
Interest expenses	91,652	97,850
Gain on disposal of investment security	(138)	(139)
Distribution income from money market investment security	(4,230)	(4,112)
Interest income	(3,191)	(1,954)
Gain on disposal of land	-	(2,141)
Deposit forfeited income	(947)	(47)
Provision for short-tem accumulating compensated absences	-	2
Net changes in fair value of investment properties	11,120	10,390
Allowance for impairment on trade receivables	742	1,802
Allowance for impairment on other receivables	265	53
Allowance for impairment assets held for sale	-	131
Impairment of Goodwill	5,000	6,000
Write down of land held for development	2,563	6,592
Write down/(Write back) of inventories	3,084	(229)
Unwinding of discount on other liabilities at amortised cost	-	290
Liquidated and ascertained damages	2,505	45,756
Reversal of liquidated and ascertained damages	(17,374)	-
Unrealized loss on forex	3,909	944
Operating profit before working capital changes	104,886	121,011
<u>Changes in working capital:</u>		
Net changes in current assets	110,544	52,151
Net changes in current liabilities	(3,255)	16,542
Net changes in land held for property development and property development cost	(48,529)	(19,419)
Cash generated from operations:	163,646	170,285
Income tax paid	(7,112)	(9,835)
Interest paid	(7,302)	(86)
Net cash generated from operating activities	149,232	160,364

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

	Year-to-date ended	
	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Interest received	3,191	2,093
Purchase of property, plant and equipment	(18)	(73)
Investment in joint venture	-	(30)
Proceeds from disposal of land	-	25,000
Distribution income received	4,368	4,112
Withdrawal/(Placement in) of investment security	6,999	(4,948)
Net cashflow generated from/(used in) investing activities	<u>14,540</u>	<u>26,154</u>
<b>Cash flows from financing activities</b>		
Repayment of loans & borrowing	(15,617)	(119,075)
Repayment of Sukuk Murabahah	(139,059)	(137,983)
(Placement)/Withdrawal of deposits pledged	(105)	429
Private Placement of 15,304,401 unit of shares	-	9,948
Drawdown from loans and borrowings	30,000	19,599
Net payment in finance lease payables	(22)	(45)
Net cashflow used in financing activities	<u>(124,803)</u>	<u>(227,127)</u>
Net decrease in cash and cash equivalents	38,969	(40,609)
Effect of exchange rate changes	2,146	884
Cash and cash equivalents at beginning of period	19,242	58,967
Cash and cash equivalents at end of period	<u>60,357</u>	<u>19,242</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,888	2,767
- Licensed corporation	31	47
Cash and bank balances	<u>60,260</u>	<u>19,875</u>
	63,179	22,689
Add: Disposal group held for sale	97	97
Less: Bank overdrafts	-	(730)
Bank balances and deposits pledged / designated	<u>(2,919)</u>	<u>(2,814)</u>
<b>Cash and cash equivalents at end of period</b>	<u>60,357</u>	<u>19,242</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of preparation**

This condensed consolidated interim financial statements (“Condensed Report”) has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting, paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act 2016 in Malaysia that has become effective on 31 January 2017.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The Group with effect from 1 January 2018 has adopted the MFRS framework issued by the Malaysian Accounting Standards Board (“MASB”). This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

This Condensed Report which is covered by the MFRS framework and have applied the MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. Comparative figures, where applicable, have been restated as result of transition to MFRS framework. The financial effects of transition to the MFRS framework and any consequential changes in accounting policies as a result of the transition are presented on page 9 to page 12 of this report.

The Condensed Report, other than for financial instruments have been prepared under the historical cost convention. Financial instruments are carried at fair value in accordance to Malaysian Financial Reporting Standard (“MFRS”) 9 Financial Instrument: Recognition and Measurement.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A2. Summary of significant accounting policies**

The significant accounting policies adopted in the preparation of the Condensed Report are consistent with those used in preparing the audited financial statements for the year ended 31 December 2017, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2018.

**a) Standards Amendments and Annual Improvement to standards effective for the financial periods beginning on or after 1 January 2018**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB)	1 January 2018
MFRS 15 Revenue from Contracts with Customers (and the related Clarifications)	1 January 2018
Amendments to MFRS 2 Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4 Applying FRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
Amendments to MFRSs Annual Improvements to MFRS 2014 - 2016	1 January 2018

**b) MFRS, IC Interpretations and Amendments to IC Interpretation but not yet effective**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint-Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Payments	1 January 2021
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A3. Effect of the transition to the MFRS framework**

The financial impacts to the condensed report from the adoption of MFRSs are disclosed in the following tables.

**a) Reconciliation of statement of comprehensive income**

	Quarter ended 31.12.2017	Effect of Adoption of MFRS	Quarter ended 31.12.2017 (Restated)	Year-to-date ended 31.12.2017 (Audited)	Effect of Adoption of MFRS	Year-to-date ended 31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	106,346	(58,539)	47,804	312,939	(71,611)	241,328
Cost of sales	(86,160)	60,130	(26,030)	(200,896)	64,778	(136,118)
Gross profit	20,186	1,591	21,774	112,043	(6,833)	105,210
Other income	6,239	-	6,239	16,485	-	16,485
Selling and marketing expenses	914	-	916	(2,229)	-	(2,229)
Administrative expenses	(22,937)	-	(22,936)	(47,044)	-	(47,044)
Finance costs	(24,508)	-	(24,508)	(98,140)	-	(98,140)
Other expenses	(12,218)	-	(12,218)	(12,860)	-	(12,860)
Profit before tax	(32,324)	1,591	(30,733)	(31,745)	(6,833)	(38,578)
Income tax expense	(613)	(382)	(995)	(3,259)	1,640	(1,619)
Profit net of tax	(32,937)	1,209	(31,728)	(35,004)	(5,193)	(40,197)
<b>Other comprehensive income</b>						
Foreign currency translation	1,537	-	1,537	884	-	884
<b>Total comprehensive income for the year</b>	<b>(31,400)</b>	<b>1,209</b>	<b>(30,191)</b>	<b>(34,120)</b>	<b>(5,193)</b>	<b>(39,313)</b>
<b>Profit/(Loss) attributable to:</b>						
Owners of the parent	(28,340)	1,209	(27,131)	(30,543)	(5,193)	(35,736)
Non-controlling interest	(4,597)	-	(4,597)	(4,461)	-	(4,461)
	<b>(32,937)</b>	<b>1,209</b>	<b>(31,728)</b>	<b>(35,004)</b>	<b>(5,193)</b>	<b>(40,197)</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the parent	(26,803)	1,209	(25,594)	(29,659)	(5,193)	(34,852)
Non-controlling interest	(4,597)	-	(4,597)	(4,461)	-	(4,461)
	<b>(31,400)</b>	<b>1,209</b>	<b>(30,191)</b>	<b>(34,120)</b>	<b>(5,193)</b>	<b>(39,313)</b>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A3. Effect of the transition to the MFRS framework (contd.)**

**b) Reconciliation of statement of financial position**

	As at 31.12.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 31.12.2017 (Restated) RM'000	As at 01.01.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 01.01.2017 (Restated) RM'000
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	6,258	-	6,258	6,878	-	6,878
Intangible assets	18,875	-	18,875	25,042	-	25,042
Investment properties	314,740	-	314,740	325,130	-	325,130
Investment in associate	30	-	30	-	-	-
Land held for property development	385,469	-	385,469	293,836	-	293,836
Trade and other receivables	814,222	-	814,222	866,693	-	866,693
Other investments	4,741	-	4,741	4,857	-	4,857
Deferred tax assets	9,548	3,344	12,892	9,774	1,704	11,478
	<u>1,553,883</u>	<u>3,344</u>	<u>1,557,227</u>	<u>1,532,210</u>	<u>1,704</u>	<u>1,533,914</u>
<b>Current assets</b>						
Property development costs	157,082	(157,082)	-	235,888	(235,888)	-
Inventories	101,687	146,852	248,539	100,132	228,787	328,919
Tax recoverable	10,067	-	10,067	5,185	-	5,185
Trade and other receivables	92,816	-	92,816	134,664	-	134,664
Contract cost	-	20,890	20,890	-	-	-
Other current assets	91,534	(25,937)	65,597	44,152	-	44,152
Other investments	118,331	-	118,331	113,267	-	113,267
Cash and bank balances	22,689	-	22,689	62,843	-	62,843
	<u>594,206</u>	<u>(15,277)</u>	<u>578,929</u>	<u>696,131</u>	<u>(7,101)</u>	<u>689,030</u>
Asset of disposal group classified as held for sale	97	-	97	23,087	-	23,087
	<u>594,303</u>	<u>(15,277)</u>	<u>579,026</u>	<u>719,218</u>	<u>(7,101)</u>	<u>712,117</u>
<b>Total assets</b>	<u>2,148,186</u>	<u>(11,933)</u>	<u>2,136,253</u>	<u>2,251,428</u>	<u>(5,397)</u>	<u>2,246,031</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A3. Effect of the transition to the MFRS framework (contd.)**

**b) Reconciliation of statement of financial position (contd.)**

	As at 31.12.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 31.12.2017 (Restated) RM'000	As at 01.01.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 01.01.2017 (Restated) RM'000
<b>Equity and liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	233,082	(1,343)	231,739	209,277	-	209,277
Other current liabilities	102,924	-	102,924	30,326	-	30,326
Loans and borrowings	109,812	-	109,812	141,623	-	141,623
Income tax payable	99	-	99	1,391	-	1,391
	<u>445,917</u>	<u>(1,343)</u>	<u>444,574</u>	<u>382,617</u>	<u>-</u>	<u>382,617</u>
Liabilities directly associated with disposal group classified as held for sale	945	-	945	934	-	934
	<u>446,862</u>	<u>(1,343)</u>	<u>445,519</u>	<u>383,551</u>	<u>-</u>	<u>383,551</u>
<b>Non-current liabilities</b>						
Trade and other payables	300,610	-	300,610	334,434	-	334,434
Loans and borrowings	909,112	-	909,112	1,017,041	-	1,017,041
Deferred tax liabilities	2,910	-	2,910	3,538	-	3,538
	<u>1,212,632</u>	<u>-</u>	<u>1,212,632</u>	<u>1,355,013</u>	<u>-</u>	<u>1,355,013</u>
<b>Total liabilities</b>	<u>1,659,494</u>	<u>(1,343)</u>	<u>1,658,151</u>	<u>1,738,564</u>	<u>-</u>	<u>1,738,564</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A3. Effect of the transition to the MFRS framework (contd.)**

**b) Reconciliation of statement of financial position (contd.)**

	As at 31.12.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 31.12.2017 (Restated) RM'000	As at 01.01.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 01.01.2017 (Restated) RM'000
<b>Equity attributable to owners of parent</b>						
Share capital	392,898	-	392,898	278,648	-	278,648
Share premium	-	-	-	104,302	-	104,302
Treasury shares	(327)	-	(327)	(327)	-	(327)
Other reserves	1,064	-	1,064	180	-	180
Retained earnings	8,656	(10,590)	(1,934)	39,199	(5,397)	33,802
	<u>402,291</u>	<u>(10,590)</u>	<u>391,701</u>	<u>422,002</u>	<u>(5,397)</u>	<u>416,605</u>
Non-controlling interest	86,401	-	86,401	90,862	-	90,862
<b>Total equity</b>	<u>488,692</u>	<u>(10,590)</u>	<u>478,102</u>	<u>512,864</u>	<u>(5,397)</u>	<u>507,467</u>
<b>Total equity and liabilities</b>	<u>2,148,186</u>	<u>(11,933)</u>	<u>2,136,253</u>	<u>2,251,428</u>	<u>(5,397)</u>	<u>2,246,031</u>

**c) Reconciliation of statement of cash flows**

There is no material difference between the statement of cash flows presented under MFRS Framework and statement of cash flows presented under FRS.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A4. Auditors' Report on Preceding Annual Financial Statements**

The Group's latest audited financial statements for the financial year ended 31 December 2017 were not subject to any qualification.

**A5. Comments about seasonal or cyclical factors**

The Group's performance is not affected by any seasonal or cyclical factors.

**A6. Unusual items due to their nature, size or incidence**

**a) Unrealised foreign exchange loss**

Included in the results is an unrealised foreign exchange loss of RM3.9 million. This unrealised loss is from the weakening of the Australian dollar against the Malaysian Ringgit on the translation of the amount due from a foreign subsidiary.

**b) Impairment & Loss in Fair Value**

During the financial year 2018, the Group has undertaken a valuation exercise on its property investment asset, inventory and on its land held for development. In addition to that the Group also has reviewed the carrying value of its intangible asset.

The net impact of the impairment and adjustment to the fair values are as follows.

	<b>RM'000</b>
Fair value loss in investment property	11,120
Write down on inventory	3,084
Write down on land held for development	2,563
Impairment of intangible asset (Goodwill-property)	5,000
Total	<u>21,767</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A7. Debt and equity securities**

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended 31 December 2018 except for the following:

**a) Treasury shares**

As at 31 December 2018, the total number of treasury shares held was 386,000.

**b) Sukuk Murabahah**

Total repayment of Sukuk Murabahah's principal and profit payment amounting to RM139.1mil had been remitted in the financial year 2018 whereas the next principal and profit payment amounting to RM65.6 million is scheduled in May 2019.

The Sukuk Murabahah was issued in May 2012 by a subsidiary company, Encorp Systembilt Sdn Bhd ('ESSB') to refinance the entire amount outstanding under Al-Bai' Bithaman Ajil Notes and to fund the Trustee' Reimbursement Account.

The Sukuk Murabahah is secured by the assignment of the contract Concession Payments, a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary and a first ranking charge and assignment of the designated accounts which include an Escrow Account and a Finance Service Reserve Account. ESSB is a special purpose vehicle and these Sukuk Murabahah raised do not have any financial recourse to the Group.

**c) Ordinary Shares**

On the 7 September 2017, the company had issued 15,304,401 new ordinary shares via a Private Placement exercise and the issue price per share for the placement is RM0.65. The issuances of new ordinary shares in the exercise above represent the first tranche of the Private Placement exercise. Kindly refer to "B8. Status of corporate proposals" on page 22 for further elaboration on the private placement proposal.

**A8. Dividend paid**

No dividend was paid during the quarter ended 31 December 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A9. Segmental information**

The Group's segment revenue and results are presented by industry segments for the quarter ended 31 December 2018 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Facilities management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>								
External customers	-	84,308	156,800	5,852	9,014	580	-	256,554
Inter-segment	30,886	-	-	1,214	-	-	(32,100)	-
<b>Total Revenue</b>	<b>30,886</b>	<b>84,308</b>	<b>156,800</b>	<b>7,066</b>	<b>9,014</b>	<b>580</b>	<b>(32,100)</b>	<b>256,554</b>
<b>Results:</b>								
Segment results	11,310	83,370	37,765	(12,391)	756	(2,082)	(24,710)	94,018
Interest income	3,254	4,340	12,134	1	15	3	(12,187)	7,560
Interest expense	(2,254)	(84,352)	(8,075)	(9,101)	-	(57)	12,187	(91,652)
Depreciation and amortisation	(534)	-	(76)	(107)	(3)	(2)	(101)	(823)
<b>Profit/(Loss) before tax</b>	<b>11,776</b>	<b>3,358</b>	<b>41,748</b>	<b>(21,598)</b>	<b>768</b>	<b>(2,138)</b>	<b>(24,811)</b>	<b>9,103</b>

\* This segment represents Trading, Food and Beverage and Construction Contract Management divisions.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

**A10. Material events subsequent to the balance sheet date**

There was no material events subsequent to the financial period ended 31 December 2018 up to the date of this report.

**A11. Changes in the composition of the Group**

There is no material change in the composition of the Group for the financial period ended 31 December 2018 up to the date of this report.

**A12. Changes in contingent liabilities**

	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contingent liabilities:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	75,013	5,836

**A13. Capital commitments**

There was no capital commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at the end of the financial period.

**[The rest of this page is intentionally left blank]**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA**

**B1. Performance review**

**a) Performance of the current quarter against the preceding year corresponding quarter  
(4Q18 vs. 4Q17)**

The Group's revenue for the quarter ended 31 December 2018 ("4Q18") of RM101.2 million is 112% higher than the previous year's quarter ended 31 December 2017 ("4Q17") revenue of RM47.8 million, which have been restated due to the MFRS effect ("restated").

However the loss before tax for 4Q18 of RM5.2 million is lower as compared to the restated loss before tax of 4Q17 of RM30.7 million. This is an 83% or RM25.5 million improvement as compared to the last year's corresponding quarter.

Further details of the performance are available under the segment review below.

**Property Development**

The division recorded revenue of RM76.5 million for the quarter 4Q18, as compared to the restated revenue of RM36.9 million in 4Q17. This is an increase of RM39.6 million or 107% due to the changes from the MFRS effect.

The profit before tax for the division in 4Q18 is RM17.1 million and is higher than the prior year's corresponding quarter of a loss before tax of RM5.6 million. This increase of 405% or RM22.7 million is because of the changes from the MFRS effect and the provision accounted for in the last quarter of 2017.

**Investment Property**

The revenue for the investment property division in 4Q18 is RM1.4 million which is similar to the revenue in 4Q17.

The management constantly reviews its efforts and plans in order to improve the occupancy rate as well as footfall traffic in the shopping mall in this challenging current retail environment.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B1. Performance review (contd.)**

**a) Performance of the current quarter against the preceding year corresponding quarter  
(4Q18 vs. 4Q17) (contd.)**

**Concessionaire**

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period. Accordingly, the Group is compensated in the form of interest as a result of the extended repayment period. The interest income from concession is recognised as revenue using the effective interest method.

The concession division recorded revenue of RM20.6 million in 4Q18 as compared to revenue of RM21.9 million respectively in 4Q17.

**Facilities Management**

For the quarter under review, the division recorded revenue of RM2.2 million and a profit before tax of RM0.1 million as compared to 4Q17 with revenue of RM2.1 million and loss before tax of RM0.1 million.

This represents an increase of 5% or RM0.1 million in revenue and an increase of 200% in profit before tax.

**b) Performance of the current financial period against the preceding year financial period  
(12M18 vs. 12M17)**

The Group's current financial year revenue is RM256.6 million which is 6% or RM15.3 million higher than the previous financial year's restated revenue of RM241.3 million. This increase is due to the changes from the MFRS effect.

The profit before tax for the 12M18 is RM9.1 million compared to a restated loss before tax of RM38.6 million for the 12M17. This is an improvement of 124% or RM47.7 million.

The increase in profitability is because of the reduction in provision this financial year and also from the changes from the MFRS effect.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B1. Performance review (contd.)**

**b) Performance of the current financial period against the preceding year financial period  
(12M18 vs. 12M17)(contd.)**

**Property Development**

The revenue for the division for 12M18 is RM156.8 million which is higher by RM18.7 million as compared to the restated revenue for 12M17 of RM138.1 million. The profit before tax for 12M18 is RM41.7 million and is higher than the restated loss before tax for 12M17 of RM5.5 million by RM47.2 million.

The increase in revenue is due to changes from the MFRS effect and the increase in profit before tax is because of the reversal of provision which was previously incurred in the 12M17.

**Investment Property**

The revenue for this division for 12M18 is RM5.9 million as compared to the revenue of RM6.1 million in 12M17. This is a decrease of 3% or RM0.2 million.

**Concessionaire**

The revenue for the 12M18 for this division is RM84.3 million and profit before tax is RM3.4 million. The revenue however for 12M17 is RM89.3 million and the profit before tax is RM3.4 million.

**Facilities Management**

For the period of 12M18 the division has recorded revenue of RM9.0 million and a profit before tax of RM0.8 million as compared to revenue of RM8.4 million and profit before tax of RM0.2 million for 12M17. This is an increase in revenue of RM0.6 million or 7% and an increase in profitability of RM0.6 million or 300%.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B2. Comparison with Immediate Preceding Quarter**

The revenue for the Group for 4Q18 of RM101.2 million is higher by RM46.5 million as compared to revenue for 3Q18 of RM54.7 million. However, the loss before tax for 4Q18 of RM5.2 million is lower by RM6.3 million as compared to the profit before tax for 3Q18 of RM1.1 million.

This increase in revenue is mainly due to the increase in work performance by the property division for the fourth quarter. However profitability for the final quarter is lower than the third quarter due to impairments from the investment property, intangible asset, inventory and land held for development.

**B3. Commentary on prospects**

For the fourth quarter of 2018, Malaysia's GDP grew by 4.7% year-on-year as private sector activities remained the main driver of growth as announced by Bank Negara Malaysia. The annual GDP growth for 2018 was also at 4.7%. For the property sector, the government have introduced several policy changes that affect the property sector such as RPGT revision, stamp duty exemption for first time house buyers for properties priced between RM300,000 to RM1 million and the removal of GST. The stamp duty exemption for first time house buyers would assist greatly in addressing the overhang in properties of around the RM1 million mark.

Despite the initiatives by the government in addressing the property overhang, the outlook of the property sector is expected to remain challenging for 2019 with high overhang in certain subsectors. Landed residential development activity within the Klang valley continues to remain active as demand remains strong whereas high rise residential development could be under pressure due to concern of rising of overhang for this development type.

The company shall continue to refine and introduce various marketing and pricing strategies to clear the unsold stocks. As the landed residential development market continues to remain active, the company shall continue to launch its projects in Cahaya Alam which is located in a mature township coupled with excellent access.

**B4. Variance from forecast profit and profit guarantee**

Not applicable.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B5. Income tax expense**

	Quarter ended		Year-to-date ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income tax	(177)	(5,966)	(21,224)	(5,365)
Deferred tax	(4,772)	4,971	8,117	3,746
	<u>(4,949)</u>	<u>(995)</u>	<u>(13,107)</u>	<u>(1,619)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

The effective tax rate for the Group for the financial period is higher than the statutory tax rate because certain expenses are not allowable as deduction for tax purposes, and losses of certain subsidiaries which have not been used to set off against taxable profits made by other subsidiaries.

**B6. Disposal of unquoted investments, assets and properties**

There were no disposal of unquoted investments and/or properties for the financial period ended 31 December 2018.

**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities for the financial period ended 31 December 2018.

**[The rest of this page is intentionally left blank]**

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B8. Status of corporate proposals**

On the 27 February 2017, MIDF Amanah Investment Bank Berhad ('MIDF Investment') on behalf of the Board of Directors of Encorp had announced that the Company propose to undertake a private placement of up to 27,864,801 new ordinary shares in Encorp, representing ten per cent of the total number of issued shares of Encorp (excluding treasury shares).

MIDF Investment had also on 17 March 2017 on behalf of Encorp submitted the listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ('Bursa Securities') which was duly approved by Bursa Securities vide its letter dated 24 March 2017.

On the 8 September 2017, the first tranche of the Private Placement has been completed following the listing of and quotation for 15,304,401 Placement Shares on the Main Market of Bursa Securities. The issue price per share for the placement is RM0.65.

Bursa Securities has vide its letter dated 30 October 2018, approved the application for an extension of time until 23 March 2019 to complete the implementation of the Private Placement.

**B9. Borrowings and debt securities**

	<b>As at 31.12.2018</b>	
	<b>Current</b>	<b>Non-current</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>		
Sukuk Murabahah	54,709	786,567
Term loan	13,501	54,220
Bridging loan	7,488	22,512
Revolving credit	38,850	-
	<u>114,548</u>	<u>863,299</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B10. Changes in material litigation**

Must Ehsan Development Sdn Bhd ('MEDSB') has on 5<sup>th</sup> July 2018, served a Notice to Arbitrate dated 4<sup>th</sup> July 2018 on Bumimetro Construction Sdn Bhd ('BCSB') to refer MEDSB's claims on liquidated damages for delay to complete the Project and for classic penalty against BCSB to arbitration, pursuant to the provisions of the Conditions of Contract.

MEDSB is the employer who has awarded BCSB, the main contractor for main building works construction project known as "Cadangan Satu Blok Pembangunan Bercampur (Fasa 4) Yang Mengandungi:- 1) 1 Tingkat Basement, 2) 3 Tingkat Pusat Membeli-Belah, 3) 5 Tingkat Tempat Letak Kereta, 4) 1 Tingkat Pusat Kemudahan Awam, 5) 34 Tingkat Pangsapuri Servis Di Atas Lot PB1, Pusat Bandar 1, Kota Damansara, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan".

The arbitration proceeding is commenced against BCSB to seek, among others, the following relief:

- a) MEDSB's claim of RM24,630,000.00 for liquidated damages;
- b) MEDSB's claim of RM2,320,346.77 for increased cost incurred for appointment of 3rd party contractors;
- c) MEDSB's claim of RM3,000,000.00 for classic penalty;
- d) General Damages;
- e) Interest;
- f) Costs; and
- g) Any further and other reliefs the Tribunal may deem appropriate.

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 31 December 2018.

None of the directors and/or major shareholders of Encorp and/or persons connected with them has any interest, direct or indirect in the arbitration proceeding.

Details of the project, statement of claim and the development of the case can be found in the announcement dated 11<sup>th</sup> April 2018, 7<sup>th</sup> May 2018, 27<sup>th</sup> June 2018 and 6<sup>th</sup> July 2018.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 31 December 2018.

**B12. Profit for the period**

	<b>Quarter ended 31.12.2018 RM'000</b>	<b>Year-to-date ended 31.12.2018 RM'000</b>
The profit/loss is arrived at after charging/(crediting):		
a) Interest income	(3,041)	(7,560)
b) Other income	(1,069)	(2,286)
c) Interest expense	22,984	91,652
d) Depreciation and amortisation	192	823
e) Employee benefits	1,575	9,985
f) Unrealised loss on foreign exchange	1,132	3,909
g) Reversal of provision for liquidated ascertain damages	(1,552)	(17,374)
h) Provision for liquidated ascertain damages	-	2,505
i) Fair value loss on investment property	11,120	11,120
j) Impairment on goodwill	5,000	5,000
k) Write down on inventory	3,084	3,084
l) Write down on land held for development	2,563	2,563
m) Operating lease		
- premises	691	2,261
- equipment	39	155
- others	11	46

[The rest of this page is intentionally left blank]

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)**

**B13. Earnings/(Loss) per share ("EPS")**

a) Basic EPS

	Quarter ended		Year-to-date ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the parent	(9,112)	(27,131)	(2,097)	(35,736)
Weighted average number of ordinary shares in issue	293,952	283,428	293,952	283,428
<b>Basic EPS (sen)</b>	<b>(3.10)</b>	<b>(9.57)</b>	<b>(0.71)</b>	<b>(12.61)</b>

b) Diluted EPS

At the date of this report the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial period is not presented.

**B14. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 February 2019.

By Order of the Board  
**ENCORP BERHAD (506836-X)**

**Lee Lay Hong**  
Company Secretary

26 February 2019