ENCORP BERHAD
(506836-X)



TO BUILD A BETTER FUTURE

ANNUAL REPORT 2018

COVER RATIONALE



We are focused on building a better future for our shareholders and stakeholders, by remaining on track with our Transformation Roadmap and our Turnaround Journey. Our value creation efforts are premised on two distinct beliefs. Firstly, our employees are at the centre of our customer-centric value proposition of offering the highest levels of customer service to deliver on our promises to the market place. Secondly, we remain focused on providing innovative products, in line with existing and future lifestyle needs and aspirations of the communities we serve.

The myriad interconnecting fibres of the leaf depicted on the cover of our 2018 Annual Report reflects the ethos of our value creation efforts. The interweaved fibres provide the leaf with the foundational strength to withstand even the harshest weather conditions. Similarly, in order to become a great company, the various departments which comprise our organisation work together to collectively contribute to our robust business foundations, with each person playing their individual role towards effecting our business strategies.

Having put in place strong foundations to ensure we deliver on our Transformation Roadmap and Turnaround Journey, our commitment to build a better future remains our top priority for the year ahead.



LOGO RATIONALE

Encorp's identity is built on a reputation based on the satisfaction we see on all our customers' faces.

The globe is a symbol of our desire to set new horizons as we grow and strengthen, striving to achieve greater heights.

The colour red represents our commitment in harnessing the trust and confidence of our stakeholders and customers. But above all, it reflects the paramount quality of our products, which are designed and developed with great thoughtfulness and assurance.



ENCORP VALUES

OUR VISION

ENCORP aspires to be an organisation of happy, highly motivated and well-trained individuals whose aim is to deliver unbeatable quality, standards, value and service in everything ENCORP BERHAD does and to make a difference to our community.

OUR MISSION

EB Good 2 Great From Now!

OUR CORE VALUES

Ethical
We will always do the right thing.

Learning
We will always be willing to grow, inquire and develop new ideas. A learning organisation must have learning individuals - unless individuals learn, the organisation cannot progress.

Relationship
We will work hard to develop mutual trust and respect among ourselves and between us and our customers.

Success
We will work hard to ensure ENCORP will operate as an efficient, profitable, fast growing and well run organisation.

FINANCIAL CALENDAR

Announcement of Financial Results

30 April 2018

Announcement of the year end 2017 audited Loss Before Tax of RM31.7 million[1].

25 May 2018

Announcement of the first quarter result of 2018 unaudited Profit Before Tax of RM6.7 million.

29 August 2018

Announcement of the second quarter result of 2018 unaudited Profit Before Tax of RM13.2 million.

28 November 2018

Announcement of the third quarter result of 2018 unaudited Profit Before Tax of RM14.3 million.

Note:
[1] Restated to RM37.1 million due to the adoption of Malaysian Financial Reporting Standards.

19th Annual General Meeting of Encorp Berhad

VENUE
Room Mutiara 3, Ground Floor,
Royale Chulan Damansara Hotel,
No. 2, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan

DATE
29 May 2019, Wednesday

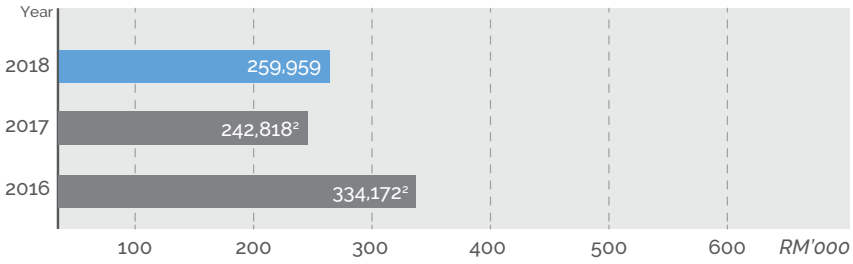
TIME
3.00 p.m.

FINANCIAL HIGHLIGHTS

As at 31 December 2018

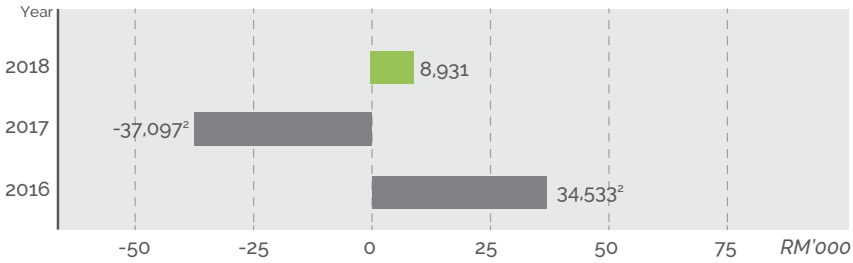
Revenue (RM'000)

RM259,959



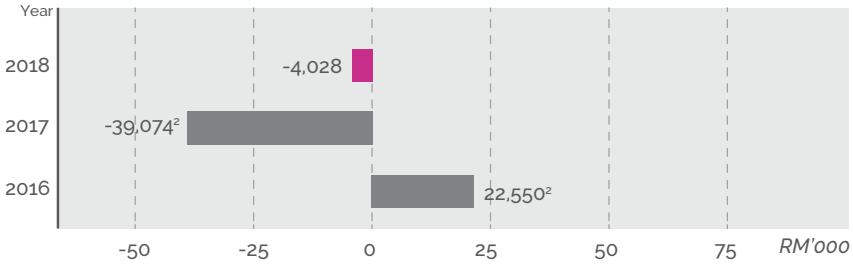
Profit Before Tax (RM'000)

RM8,931



Loss After Tax (RM'000)

RM4,028



Shareholders' Fund
RM392.55 million[1]

Loss Per Share
0.78sen[1]

Net Assets Per Share
RM1.34[1]

Note:
[1] Attributable to owners of the parent.
[2] The figure for FY2016 and FY2017 have been restated due to the adoption of Malaysian Financial Reporting Standards.

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Encorp is set on a path towards generating value for our shareholders





MANAGEMENT PERSPECTIVE

Message from the Chairman
Management Discussion and Analysis



Hussein Bin Ismail
Chairman
Encorp Berhad

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It is my pleasure to present to you Encorp Berhad's (Encorp or the Group) Annual Report for the financial year ended 31 December 2018 (FY2018).

2018 In Review

The construction and property market landscape in FY2018 was marked by multiple challenges on several fronts, continuing with a downtrend. Malaysia recorded subdued Gross Domestic Product (GDP) growth of 4.7%[1]. Challenges abounded in the form of tightening measures introduced to address national debt levels which impacted the business community. While growth was driven by the private sector, with the main drivers of the manufacturing and services segments, the construction industry recorded a moderate GDP of 4.2%, down by 2.5% from 6.7% in FY2017[1]. Within the residential properties market, supply outweighed demand which, coupled with Bank Negara's strict regulations on mortgages, resulted in many residential units remaining unsold in the market.

Despite this tough external environment, Encorp has progressively improved in delivering a better financial performance for FY2018, mainly attributed to improved sales performance and effective cost rationalisation initiatives. These efforts were the result of the Group's Turnaround Journey, which Encorp embarked on in FY2018, to steer the company towards better results.

At Encorp, we believe good corporate governance is the key to maintaining the trust that our investors and customers place in us. We also believe good corporate governance is a cornerstone of a successful and sustainable company by implementing a sound risk management and internal control system.

With this being my second year with the Group as its Chairman, I am happy to note that as a result of our refreshed strategic and turnaround plans, Encorp is on track towards building a better future. Having put in place focused initiatives to strengthen our business fundamentals and resilience, it has given us the impetus to make the leap that we must take in order to be a great company.

Nurturing Talent Capital

At Encorp, we believe in building a winning team by enhancing employee engagement, teamwork and promoting innovation, all of which enables employee to achieve a high level of performance. The accolades accomplished in FY2018, from both the international and local community, are testament of the true spirit from the commitment and teamwork of Encorp Management and employees. These accolades were the Human Resource Asia Best Companies



Human Resource Asia Best Companies to Work for in Asia 2018 Award

[1] *Bank Negara Malaysia 2018 Annual Report & Financial Stability and Payment Systems report, published in March 2019.*

Encorp Marina Puteri Harbour, Iskandar Puteri - Qlassic rating of 75%



to Work for in Asia 2018 Award and Silver Medal Award for Employer of Choice (Private Sector) at the Malaysia Human Resources 2018 Awards.

In addition, the Encorp team's unrelenting focus and passion for high quality and standards in all we do resulted in Encorp Marina Puteri Harbour receiving a Quality Assessment System in Construction (Qlassic) rating of 75% issued by the Construction Industry Development Board (CIDB).

2019 Outlook and Prospect

As we move into FY2019, the forecast for the Malaysian economy remains fairly muted, with an expected GDP growth of 4.3% - 4.8%, and construction sector growth is expected to be moderate[1]. The sentiment on future economic prospects within the property development sector remains mixed due to the challenges of slower growth, lower consumer affordability from the rising cost of living, more stringent mortgage approval, an oversupply of residential and commercial properties and the revision of the Real Property Gains Tax.

Counteracting this is the Budget 2019, which has outlined several measures to revitalise the property sector, including an allocation of RM1.5 billion to build and complete the affordable housing projects which are priced below RM500,000 and an allocation of RM1 billion established by Bank Negara Malaysia to assist the lower income group to purchase affordable homes priced up to RM150,000[2].

We however remain cautiously optimistic in gradually turning the corner towards generating our medium-term profitability through our strategic plans for FY2019. We plan to drive future revenue growth by leveraging on the synergies by looking into potential property development projects within FELDA's vast land banks in strategic locations throughout the country, to capitalise on our track record in project development.

Taking advantage on the strategic locations of our existing property portfolio, we will be launching new properties in Encorp Cahaya Alam, Shah Alam. We will also be finalising our masterplan for the Bukit Katil Township, another strategically located land bank in Melaka. Details of our strategic focus areas for FY2019 can be found in our Management Discussion and Analysis on page 09 of this Annual Report.

Appreciation

On behalf of the Board and Management, I wish to express our heartfelt gratitude and appreciation to our customers and shareholders for their continued support.

The Board and I would also like to record our gratitude to Encorp management and employees, for their dedication and commitment in conducting their jobs.

[1] Bank Negara Malaysia 2018 Annual Report & Financial Stability and Payment Systems report, published in March 2019.

[2] Malaysia Budget 2019, tabled 2 November 2018 in Parliament.

I would also like to express our appreciation to Datuk Syed Zaid Bin Syed Jaffar Albar and Dato' Feroz Bin A S Moidunny who resigned from the Board in FY2018. We remain indebted to them for sharing their wisdom and insights in steering Encorp forward through the years.

Thank you to my fellow Board members for continuing this journey with the Group, and for the industry insights and strategies they have shared towards effecting a turnaround at Encorp.

Together, I remain confident that we will overcome the challenges thrown our way, and achieve long-term growth and profitability through the implementation of our strong business plan and effective turnaround strategies.

Thank you.

Chairman
Hussein Bin Ismail

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Encorp Berhad (Encorp or the Group) recorded stronger performance for the Financial Year Ended 31 December 2018 (FY2018), posting a revenue growth of 7% from a restated revenue of RM242.8 million in FY2017 to RM260.0 million for the year under review. The Group is on track towards effecting a turnaround, posting a Profit Before Tax (PBT) of RM8.9 million compared to a restated Loss Before Tax (LBT) of RM37.1 million in FY2017, denoting an improvement of 124%.

Our ability to deliver better financial performance despite the challenging property market is attributed to improved sales performance, coupled with effective cost rationalisation initiatives in line with strategies implemented during the year to ensure operational efficiency and increased productivity.

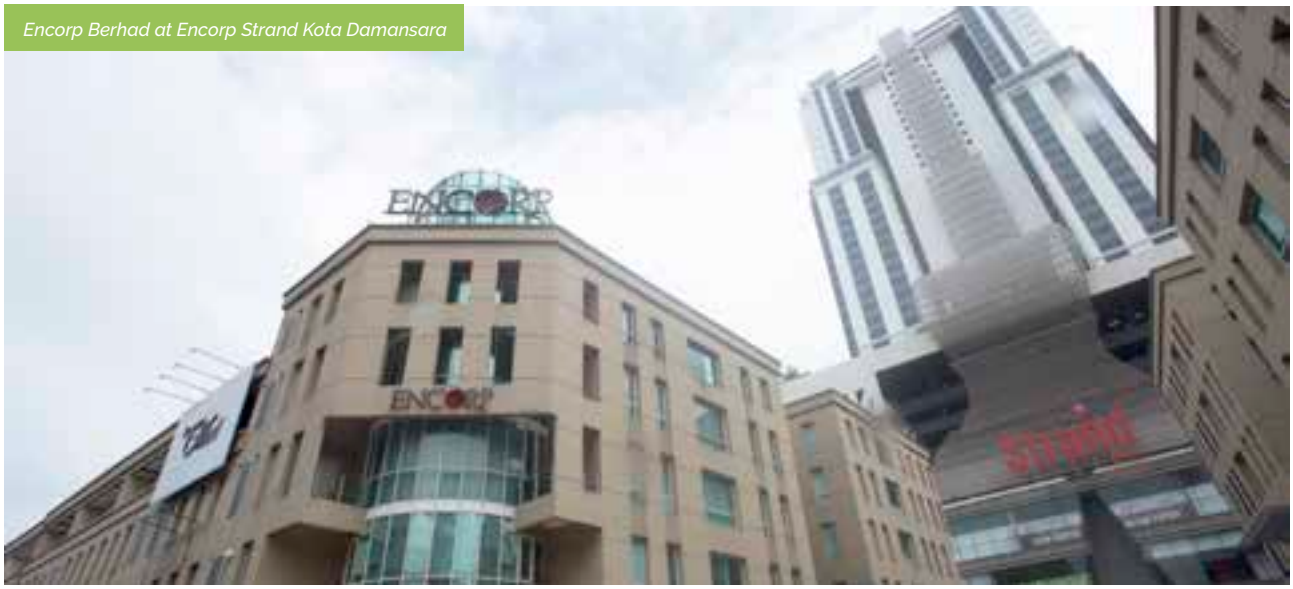
Our Business Model

Encorp was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003. In 2014, the investment arm of the Federal Land Development Authority (FELDA), Felda Investment Corporation Sdn. Bhd. (FIC) acquired a 72.29% stake in Encorp, with FIC's current ownership standing at 64.39%.

Encorp's current property portfolio comprises a range of commercial and residential developments, within our footprint of Malaysia and Australia. These include the multi-award winning Encorp Strand, Kota Damansara. FELDA's sizeable land banks in prime locations throughout the country presents Encorp with potential opportunities to explore with our holding company to drive our future growth.

Encorp's four core business segments comprise property development, investment property, facilities management and concessionaire, with property development as our core business area.

Encorp Berhad at Encorp Strand Kota Damansara



1. Encorp Cahaya Alam
2. Encorp Strand Garden Office
3. Encorp Strand Residences
4. Encorp Marina Puteri Harbour
5. The Residences on McCallum Lane Perth, Australia



1. The concessionaire for the completed development of 10,000 units of the privatised teachers' quarters project for the Ministry of Education, Malaysia

1. Strand Mall (Retail Mall)

1. Providing management services for buildings and developments

FY2018 Group Strategy

Encorp's strategy draws upon the inspiration of our Vision, Mission and Core Values to drive the Group's value creation endeavours for our shareholders and stakeholders. Our strategic initiatives in FY2018 were focused on strengthening our business fundamentals, thus setting in place a robust foundation as the base of our future growth.

Encorp's primary focus within our property development activities has always been to identify strategic locations in order to achieve the desirable marketability and appreciation. Through this approach, we have been able to ensure that the Group is able to generate long-term growth and returns. Our current property portfolio reflects this strategic approach, being situated in prime locations. Among them are the Encorp Marina Puteri Harbour development, located in the high growth corridor of Iskandar Puteri in Johor, as well as Encorp Cahaya Alam, situated in the Shah Alam growth corridor.

During the year, we successfully completed Encorp Marina Puteri Harbour, and conducted the handover of properties to owners. Its strategic location in Iskandar Puteri, has been a valuable proposition for our customers. With Encorp Marina Puteri Harbour just a stone's throw away from Singapore, this development has enabled the Group to tap into the Singaporean market.

Properties in Iskandar Puteri are not subject to restrictions in foreign ownership, unlike other areas in Malaysia. There is no minimum price threshold for foreign property purchasers, and they are exempt from real property gains tax until 31 December 2025.

Similarly, Encorp Cahaya Alam which is located within the high value growth corridor of Shah Alam, is in close proximity to a broad range of public facilities and amenities which families are looking for in a home. It is also well positioned to benefit from the ongoing major infrastructure Light Rapid Transit (LRT) project. We have also revisited the Bukit Katil Township masterplan, with the aim of extracting the most value from our future development. Our landbank in Perth, Australia, namely Tea Tree Close, is set to benefit from projections in population growth and the increase in demand for housing and retail developments this will bring about. Therefore, in FY2018 we revisited our study of potential developments of our property in Perth.

Embarking on our Turnaround Journey

Complementing our property development strategies, in FY2018 Encorp embarked on our turnaround journey to achieve profit turnaround within the medium-term future and set the foundations for our sustainable long-term business growth. We crafted our turnaround journey in response to the loss the company had sustained in FY2017, to ensure positive profit turnaround, thus setting the pace for our future growth. As a result of the implementation of our turnaround journey, Encorp recorded better performance in FY2018, compared to the previous year.

Our commitment to drive the value of our Group through the turnaround journey was effected through a number of measures implemented in the first quarter of FY2018. These included addressing issues towards strengthening our organisational culture and stabilising operations. We activated a new Executive Committee to address employee concerns and leveraged on their feedback to ensure more stable operations. Changes were effected within the Board of Directors, and a new leadership was appointed to chart a refreshed growth journey towards creating shareholder value. To ensure efficient cost management, we implemented a Cost Rationalisation programme Group-wide.

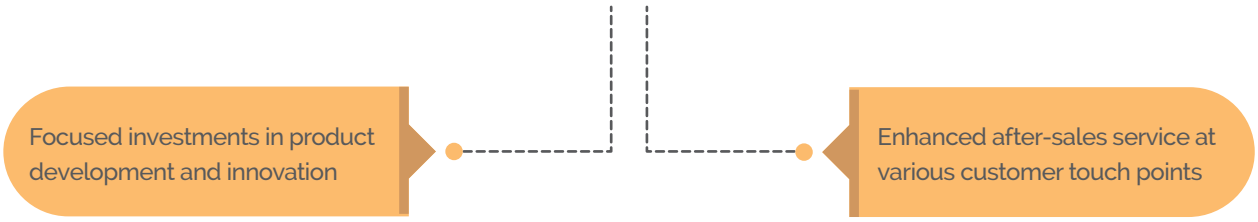
These measures led to the stabilisation of the company in the second and third quarters of the year as evident from improvements in our cash position through sales of unsold units in our existing property developments. We also appointed a new Group Chief Operating Officer, armed with the right skills, knowledge and strategic insight to drive Encorp's value creation journey into the future.

As we continue to build on the momentum we have achieved, we remain optimistic in successfully effecting turnaround and generating medium-term growth. We will maintain a sharp focus on our revenue growth strategy, whilst improving our operational efficiencies within our optimised business model. Encorp is committed to remain on track with our turnaround journey, towards delivering on our value proposition as promised.

Progressing with our Customer-centric Strategy

The Group's turnaround journey in FY2018 was underpinned by our long-term two-pronged customer-centric strategy, aligned with our commitment to Quality, Standards, Value and Service. It is the basis of our strategic property development activities, which aims to enhance our brand recognition in the marketplace.

TWO-PRONGED STRATEGY



In FY2017, in line with progressing our customer-centric strategy, Encorp set up a dedicated Product Handing Over Team to follow through with enhanced after-sales service for customers who purchased our properties. The team has a dual role, namely to conduct a welcome orientation exercise with the owners, whereby they get to know our customers to build strong customer relationships, as well as conduct a joint inspection with the owners to identify any defects in the property, upon which Encorp will conduct rectification works as required.

Following on from this, in FY2018 we further strengthened the team's capacities in line with strategies identified under our 2019 Business Plan. Our efforts are focused on upgrading our customer service standards, to levels that inspire public confidence and trust in our brand. The centralisation of after sales service via the handover team has strengthened our ability to respond effectively to customer complaints and queries, which are both vital touch points in the customer service value chain.

Towards this end, we have put in place the mechanisms to roll out a new Customer Relationship Management (CRM) framework, which incorporates customer community engagement activities and other customer service operating model enablers aimed at increased customer satisfaction and enhancing their positive experience of our products and services. In FY2018, we began implementing a number of CRM engagements, and will ramp up activities in the year ahead. To ensure we remain on track, we will be diligently monitoring our progress by establishing Key Performance Indicators (KPIs), and conducting regular productivity and quality reviews.



Encorp's Welcome Handover Kit

Operational Landscape

In FY2018, Encorp operated within a challenging and tough business environment, especially in the property development sector. Malaysia recorded sluggish economic growth at 4.7%, a sign of trying economic times.

Budget 2019 which was unveiled during the year saw the Government announcing wide-sweeping measures to tackle the ballooning levels of debt, the need for prudent spending and to address the demand to increase other sources of Government revenue to replace the Goods and Services Tax which was abolished in 2018. Several tightening measures impacting on corporates were introduced, such as a seven-year limitation on carry-forward of losses, capital allowances and unabsorbed incentives.

There was slight improvement in the non-residential sub-sector, however, within the residential sub-sector, growth remained weak with a high number of unsold residential properties in the market as a result of a demand-supply mismatch. The tightening of Bank Negara regulations on mortgages also led to lower disbursements in housing loans, especially to first-time buyers. According to Bank Negara, 80% of 146,196 homes priced above RM250,000 remained unsold as at the end of March 2018, a significant increase compared to 130,690 units during the same period the previous year.

Key Performance Indicators

Financial Indicators	FY2018	FY2017
Group Revenue	RM260.0 million	RM242.8 million (restated)
Property Revenue	RM160.2 million	RM139.6 million (restated)
Market Capitalisation	RM130.3 million	RM191.1 million
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	RM101.4 million	RM61.9 million (restated)
Total Land Bank Size	680.08 acres	702.62 acres
Overall Retail Mall Tenants	• 99 units occupied for Strand Mall • 77 units occupied for Red Carpet Avenue • 63% Overall Net Lettable Area	• 89 units occupied for Strand Mall • 80 units occupied for Red Carpet Avenue • 62% Overall Net Lettable Area
New Retail Mall Tenants	• 7 new tenants occupying 21 units • Equivalent 36,373 square feet of retail space • 15% Overall Net Lettable Area	• 6 new tenants occupying 20 units • Equivalent 34,937 square feet of retail space • 8.3% Overall Net Lettable Area

Non-Financial Indicators	FY2018	FY2017
Qlassic Score	Encorp Marina Puteri Harbour: 75%	Encorp Strand Residences: 72%
Customer Satisfaction (Quality target of 75%)	Encorp Marina Puteri Harbour: 81% Akasia Phase 1, Encorp Cahaya Alam: 94%	Encorp Strand Residences: 82% Akasia Phase 1, Encorp Cahaya Alam: 89%
Safety Performance - Lost Time Injury (LTI)	Zero	Zero
Male : Female Workforce Ratio	51% male : 49% female (ratio of 62 male and 59 female)	45% male : 55% female (ratio of 65 male and 80 female)
Average Training Hours per Employee	59 hours per person based on 121 employees	52 hours per person based on 145 employees

FY2018 Financial Performance

Overall, despite the loss after tax position recorded for the year, the Group is pleased with the performance as we have delivered earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM101.4 million which is a 64% increase from FY2017's EBITDA of RM61.9 million. This is from the result of our continuous effort to turn the Group around and to constantly improve our cost efficiencies.

In FY2018, the Group achieved a revenue of RM260.0 million, profit before tax of RM8.9 million and a loss after tax of RM4.0 million as compared to the revenue for FY2017 of RM242.8 million, loss before tax of RM37.1 million and loss after tax of RM39.1 million.

As compared to FY2017, the Group managed to turnaround its financial results with a 7% or RM17.2 million increase in revenue and RM46.0 million improvement in profit before tax. The Group's loss after tax also has reduced significantly by 90% or RM35.0 million and this improvement of performance is mainly contributed by the increase in revenue from the property division, lower operating cost incurred and decrease in provision during FY2018 as compared to FY2017.

The property division also saw an improvement in its year-on-year revenue and profit after tax by 15% and 566% respectively. The revenue from this division has increased from RM139.6 million in FY2017 to RM160.2 million in FY2018 due to the completion of Encorp Marina Puteri Harbour project and the launch of Dahlia project in Encorp Cahaya Alam which have recorded a strong sales performance.

FY2018 Non-Financial Performance

Since inception, Encorp has been committed to embedding sustainability within our business as the cornerstone of our long-term business sustainability. As far back as 2011, we had already incorporated green building features into our developments, such as the conservation of rain water, natural sun shading and heat insulation in the Garden Office development at Encorp Strand, in line with our sustainability ambitions. Although the Group has not embarked on any new developments in the past one year, we remain true to our commitment towards building properties for the future, which are designed to be sustainable and environmentally friendly, to create long-term value for our stakeholders.

As a property developer, with ongoing developments on our books, we are sharply focused on a work culture which prioritises health and safety. Our stellar safety performance for FY2018 was the result of our high levels of commitment towards ensuring Occupational Health, Safety and Environment (OHSE) at our construction sites, as well as ensuring a safe and secure workplace at our office premises.



Our employees shape our valuable human capital base, and are at the forefront of our business activities in various forms including exploring new opportunities for growth, sustaining business as usual requirement and ensuring excellence in customer service. We value the diversity of our people as the foundations for a thriving workplace culture that promotes the sharing of different ideas and perspectives, which we harness to drive our business goals. The dedication of our employees in delivering their very best efforts for the organisation is evidenced by being named winner of the Human Resource Asia's Best Companies to Work for Asia 2018 Award and Silver Medal Award for Employer of Choice (Private Sector) at the Malaysia Human Resources Awards 2018.

Gender equality and non-discriminatory practices are an important part of our employees' daily journey at Encorp, and we have in place robust policies and procedures which ensure these are practiced. We support our employees' ongoing career and personal development through talent development platforms which cater to their needs. To help our people balance their roles at work against their personal commitments to their family, we have in place a range of work-life balance initiatives in place.

Dividend Payout

Encorp reaffirms our commitment towards generating earnings and value for our shareholders, whilst ensuring our sustainable business performance in the long-term. While the Board has not recommended any dividends for FY2018, we plan to declare shareholder dividends in the near future, as we effect our Turnaround Journey towards providing our shareholders with returns on their investment.

Earnings Per Share

In FY2018, loss per share was valued at 0.78 sen, with net assets per share of RM1.63 (RM1.34 net assets per share attributable to the owners of the parent), and shareholders' fund attributable to owners of the parent of RM392.6 million.

Key Corporate Updates in FY2018

Following the first tranche of the private placement which was completed on 8 September 2017, the final tranche of private placement was successfully completed on 22 March 2019 and raised proceeds of RM4,383,630.

Managing Our Risk

Encorp's risk management and internal controls are governed by our Board of Directors (Board) which maintains oversight of a holistic system comprising financial, organisational, operational and compliance controls and risk management processes in order to safeguard our shareholders' investments and the Group's assets. We have adopted an Enterprise Risk Management framework in our risk management process, which includes property development activities undertaken through joint ventures, reviewing and managing significant risks in order to achieve our business objectives through quarterly risk reviews and monitoring of key control activities in relation to identified principal risks.

Throughout FY2018, we conducted the following activities to ensure sound management of our identified risks:

- Activated the Executive Committee to manage the Group's operation in accordance with corporate objectives, strategies, policies, KPIs and annual budgets
- The Audit and Risk Committee, assisted by the Risk Management Committee, performed regular risk management assessments
- Ensured Limits of Authority were in place for approving capital expenditure, awarding of contracts and matters pertaining to finance, treasury, operations and personnel, thus keeping potential risk exposures under control
- Clearly documented internal policies and procedures in line with supporting the Group's business activities, processes as well as changes in external environments, which are communicated at all levels
- Put in place quality improvement initiatives, with improvements in key business units accreditations from Quality Management System ISO 9001:2008 to ISO 9001:2015, in accordance with Quality Standards
- Guidelines on employment, performance appraisal, training and retention of employees to ensure the Group's ability to operate in an effective and efficient manner
- Adequate insurance coverage for both our employees and assets to ensure they are sufficiently insured against any mishap that might result in financial or material losses
- Established the safety and health committee at the operating level to address and ensure compliance with OSHE policies and procedures
- Established KPIs aligned with the strategic business objectives and goals which are monitored on an ongoing basis.

Embedding Sustainability into Our Business

Encorp is cognisant of the importance of integrating sustainability matters within the heart of its business, in line with ensuring continuous long-term growth. In FY2018 we enhanced our sustainability efforts by reviewing our sustainability practices, and have identified areas which we will improve upon in the near future. Encorp continued to demonstrate commitment and we have remained true to our philosophy of creating positive impacts on the Economic, Environmental and Social spheres of sustainability, details of which can be found in our Sustainability Statement on page 47 of this Annual Report.



Corporate Governance

The Group and the Board are committed to uphold its unwavering commitment to achieve the highest standards of corporate governance, in tandem with protecting and enhancing shareholders' value. Our Board, which comprises individuals from diverse professional backgrounds with relevant industry experience and expertise, has been the driving force in effecting our Turnaround Journey in FY2018.

A key move was the appointment of Mohd Ibrahim Bin Masrukin as Group Chief Operating Officer in September 2018, who has the experience to bring the company on to its next growth level. His appointment back into the Encorp fold will enable the Group to gain from his industry insights and skills, as well as his familiarity and knowledge of the business.

There was also a change in the formation of the Executive Committee with the replacement of Datuk Syed Zaid Bin Syed Jaffar Albar by Chief Executive Officer of FIC, Muaazam Bin Mahmud. The Executive Committee continued to perform its stated duty, namely to act as a conduit between the Board and the Management to ensure effective governance and management functions.

Segmental Review

PROPERTY DEVELOPMENT UPDATES

Encorp Cahaya Alam, Shah Alam



Encorp Cahaya Alam

Situated in Shah Alam, Encorp Cahaya Alam comprises a 209 acre residential development with a Gross Development Value (GDV) of RM1.13 billion. It has proven to be an attractive proposition to purchasers, due to its strategic location in the Shah Alam growth corridor. In recent years, the population in Shah Alam has increased exponentially on the back of growth in business and industries in the surrounding area. Ongoing infrastructure project of the LRT has also added to its attractiveness for prospective home owners.

Encorp Cahaya Alam is well situated within close proximity of public facilities and amenities such as sports complexes, shopping malls, excellent public and private schools, and hospitals. Since its launch in 2004, its stature has grown as a high profile development which offers residents among the best designed homes, situated within beautifully landscaped surroundings.

At Encorp Cahaya Alam, the contemporary design of homes in the development is integrated with essential amenities and town planning features such as a beautifully landscaped 800-metre linear park, which is the development's focal point. These features have made it a highly sought after housing development, even within a soft property market. Encorp has leveraged on the development's desirability within the marketplace to launch new residential parcels to optimise the Group's returns.

Having completed the first phase of Akasia and received a Certificate of Completion and Compliance (CCC) the previous year, in FY2018 we continued progressing with the Dahlia residential parcel development which was launched in November 2017. Dahlia comprises 171 units of two-storey link homes, and as at end FY2018, we have sold a total of 68% units, of which only 32% remain on the market despite of the tough market condition.

The development's emphasis is on a neighbourhood living experience, and features amenities such as a multi-functional community hall, modern designs, integrated amenities and town planning features.

Encorp Marina Puteri Harbour, Iskandar Puteri

Encorp Marina Puteri Harbour is our premier development strategically located within the high growth area of Iskandar Puteri, the main southern development corridor in Johor. The luxury mixed development is located on 3.3 acres of land. It has a GDV of RM631.57 million and comprises 571 luxury residential units and 25 commercial units. Its breathtaking design is the work of the renowned Singaporean architectural firm, CPG Corporation.

Its successful completion and handover in FY2018 was driven by its value driven proposition of its strategic location in Iskandar Puteri, which has made it an ideal investment property for the local and international



Encorp Marina Puteri Harbour

market. As a result of its multiple value added propositions, we have been able to set a benchmark on Encorp Marina Puteri Harbour's pricing, making it one of the most value for money property developments in the area.

Encorp Marina Puteri Habour is an attractive proposition for purchasers due to its freehold status, as well as its proximity to facilities and amenities such as hospitals, tourist attractions such as the Legoland theme park, as well as the regional media hub of Pinewood Iskandar Malaysia Studio which offers world class filming facilities. Iskandar Puteri has been earmarked by the Iskandar Regional Development Authority for further future development, and part of the incentive that the authority is providing foreign property purchasers is exemption from real property gains tax, as well as lifting of the minimum price threshold.

The luxury facilities onsite at Encorp Marina Puteri Harbour include four themed swimming pool decks, tennis courts, a children's playground, putting green and a state of the art multi-level security system for residents. Encorp Marina Puteri Harbour received its CCC in January 2018. As at end FY2018, we sold 87% of the development. During the year, the development received a Quality Assessment System in Construction (Qlassic) rating of 75% issued by the Construction Industry Development Board (CIDB).

In line with our customer-centric two-pronged strategy, Encorp employees participated in the resident forums. From the feedback of our customers, Encorp continued to enhance the built environment at Encorp Marina Puteri Harbour by upgrading the interior design of the common area and improving the surrounding landscape at our own expense. Our focused efforts towards ensuring high levels of customer satisfaction through after-sales service has augmented the credibility and reliability of the Encorp brand in the marketplace.

Tea Tree Close, Cockburn Central, Perth, Australia

Located in Perth, Australia, Tea Tree Close is our 2.7 acre land bank which we have earmarked for future development. During the year, we commenced a study of the land bank, relooking into the best value for investment offering we can develop in line with market needs. In doing so, we have taken into account the various location benefits Tea Tree Close offers.

It's strategic location close to the Cockburn Aquatic and Recreational Centre (Cockburn ARC) is a strong value proposition for development opportunities. Cockburn ARC was launched in May 2017, and has a full-size Australian Football League oval, as well as the administration base for the Freemantle Dockers Football Club. It also features attractive public amenities such as indoor and outdoor pools with water slides and a water park, along with spaces for function rooms, community meeting rooms and sporting retail outlets.

Tea Tree Close is within walking distance of the Cockburn Central Train Station and the Cockburn Central Town Centre, a vibrant hub featuring residential, retail and commercial properties, which supports the surrounding suburbs with an estimated population of over 30,000 households. Adding to its attractions is the proximity of the area to the nearest beach some 10km away, as well as to the Kwinana Freeway leading to Perth's Central Business District, and a two-minute drive to the Cockburn Central Shopping Centre, one of the largest shopping centres in the Perth Metro area. Bearing in mind the strategic location of this land bank, we are exploring potential joint venture partnerships for future development.

Bukit Katil Township



Future Development - Bukit Katil, Melaka Tengah

The 640.98 acre proposed Bukit Katil Township development is located in Malacca and The Master Development Agreement (MDA) which was signed in January 2016 with FELDA saw our subsidiary Encorp Bukit Katil Sdn. Bhd. (EBKSB), a wholly owned subsidiary of the Group, obtaining the development rights. Our vision for the future development encompasses a mixed township comprising residential housing and commercial buildings. Our future focus is to continue with the development of the Bukit Katil Township through a rebranding launch which will be finalised in the year ahead.

With the future in mind, we have been refining the development's masterplan, with the aim of designing a township which is aligned with the current and future lifestyle needs and aspirations of residents in the area. As at April 2018, Encorp has obtained the Planning Permission from the Hang Tuah Jaya City Council (Majlis Perbandaran Hang Tuah Jaya), with full endorsement to proceed with the development of the Bukit Katil Township.

Encorp Strand, Kota Damansara

Encorp Strand, Kota Damansara is Encorp's multi-award winning development, located on more than 45 acres in the heart of Petaling Jaya's fastest-growing district of Kota Damansara. It has a GDV of RM1.23 billion, and comprises of 265 business units, 150 retail outlets, 14 blocks of self-contained garden offices and 278 luxurious service residential units. Among the awards Encorp Strand has been recognised with was being shortlisted as a finalist in the Best Mixed Development category at the iProperty.com People's Choice Awards in 2016, and winning both the Highly Commended Award at the Asia Pacific Property Awards in 2011, as well as the inaugural The Edge-PEPS Value Creation Award in 2010.

It is surrounded by a number of highways and cross-city ring roads, making it an accessible location for commuters. The Garden Office development has turned out to be an attractive base of operations for business owners, in light of the surrounding locale's thriving growth. As at end FY2018, we have sold a total of 88% out of the total 275 units available at Encorp Strand Garden Office.



Encorp Strand Business Suites







Encorp Strand Residences, Kota Damansara



Encorp Strand Residences

Encorp Strand Residences is part of the integrated mixed development of Encorp Strand, Kota Damansara, with 278 smart homes capitalising on technologies available as a result of the Fourth Industrial Revolution such as integrated home control from mobile devices. Its ideal location places it in close proximity to a host of family entertainment outlets, business districts, local and international schools, as well as hospitals. Residents enjoy the safety of a three-tier security system, in addition to a range of amenities such as a sunken tennis court, a children's playground, integrated fitness facilities and a putting green for golfers. In FY2017, the development had received a Qlassic rating of 72% which was one of the contributing factors towards the rising value of the residential units. As at end FY2018, we have sold a total of 90% residential units at Encorp Strand Residences.

SEGMENTAL OUTLOOK

For FY2019, our plans are focused on strengthening our deliveries within our existing developments, whilst continuing progress on strategic partnerships for future developments. As for the rest of our existing property portfolio, our focus is to enhance our brand value in the marketplace, and leveraging on this to continue with the sales of available units.

We have slated two new property development launches at Encorp Cahaya Alam for FY2019, namely Clover which is targeted for launch in second quarter of FY2019, and Lily, to be launched in the fourth quarter of FY2019. Both Clover & Lily enjoy luxury lakeside living.

Clover consists 143 units of double storey link homes, which emphasises elegant modern home designs situated within well planned public spaces and natural greenery. The homes feature double frontage with a modern contemporary façade design and a wide car porch, as well as spacious living areas with large family rooms and bedrooms. A value added proposition for customers is its location close to a man-made lake and landscaped green areas, offering residents urban homes which are close to nature.

Lily comprises 92 units of double storey link homes with double frontage directly overlooking the man-made lake and landscaped green areas. Like Clover, its design incorporated spacious family living areas and bedrooms. We are optimistic that these homes will be well received in the market.



Future Development - Clover, Encorp Cahaya Alam

FACILITIES MANAGEMENT UPDATES

Encorp's facilities management division under Encorp Facilities Management Sdn. Bhd. provides the Group with a supplementary income primarily by supporting our property development activities. Additionally, we also undertake facilities management contracts whenever the opportunity arises.

In FY2018, we carried out the 3-year contract which have since ended on December 2018 for the integrated facilities and energy management works at Menara Felda, a 50-storey office owned by FELDA. The division also secured a one year contract in FY2018 for maintenance services at Encorp Marina Puteri Harbour.

In conducting our facilities management services, we remain true to our Encorp vision of delivering unbeatable Quality, Standards, Value and Service in everything we do, thus impacting our community positively.

SEGMENTAL OUTLOOK

Moving into FY2019, our focus in the facilities management segment is to continue to explore facilities management contracts in the pipeline towards securing tenders in this area.

RETAIL MALL UPDATES

Strand Mall, Kota Damansara

Forming the epicentre of the Encorp Strand, Kota Damansara development, the Strand Mall provides modern and spacious retail spaces for outlets, and has a total lettable area of 242,970 square feet (sq ft) over four levels, with 2,133 covered parking bays in addition to outdoor parking. At the heart of the mall is the pedestrianised Red Carpet Avenue (RCA), a dining and entertainment space located at street level with a total lettable area of 177,318 sq ft. Located within Petaling Jaya's fastest growing district, the Strand Mall caters to the needs of residents in the surrounding suburbs.



Strand Mall , Kota Damansara


Red Carpet Avenue @ Strand Mall

In FY2018, we expanded our tenant base by successfully signing on new tenants for the mall, namely Alpha International Women Specialist as an anchor tenant, effective from November 2018. As at end FY2018, we have brought in two new permanent tenants for the mall and five for RCA occupying 21 units, representing total lettable area of 36,373 sq ft, which together account for 15% of net lettable area.

Through the years, RCA has proven to be a popular events location, offering a spacious and versatile covered outdoor space. It remains an attractive venue in the surrounding area, drawing more than 65,000 visitors in FY2018 to its unique flagship events. At the same time, the Strand Mall has established itself as the go-to venue for popular fitness, music, food and family events.

In FY2018 we hosted several high visibility events including the Shape Fitness Festival 2018, Ramadan Buffet by Felda D'Saji, Pesta Sajian Makanan Asli Thailand & Malaysia and Malam Citra Warna Warni Deepavali 2018 Peringkat DUN Kota Damansara. RCA was also rented out as a venue for film shoots, with several notable film producers choosing it as a location for feature films, dramas, and TV commercials. Productions for the year included Hantu Wangan, Pencuri Cinta Kelas Satu, Tiada Arah Jodoh Kita, Diari Ramadan Mike, Oh Bulan advertisements, Mickey Mouse Club Season 2, Breast Cancer Awareness Corporate Social Responsibility (CSR) advertisement and a Hong Kong action comedy titled High School Assassin.

To add to our competitive advantage, during the year we implemented cost saving measures aligned with our turnaround journey, as well as green design features in tandem with our sustainability commitments. These included equipping the mall car parks with energy saving lights, a move which reduced our carbon footprint and optimised our costs.


Shape Fitness Festival 2018


Ramadan Buffet by Felda D'Saji


Warna Warni Deepavali 2018 Auto Show


Pesta Sajian Makanan Asli Thailand & Malaysia

SEGMENTAL OUTLOOK

Moving into FY2019, we remain focused on obtaining more tenants for the mall and RCA, towards enhancing Strand Mall's reputation as a premier events location in the surrounding area. We will also maintain cost optimisation initiatives, to ensure we are on track with our turnaround strategy.

Outlook for FY2019

As we progress into the year ahead, prospects for the Malaysian economy remain subdued, with projected GDP growth of 4.3% - 4.8%. The confluence of factors such as global economic slowdown, more stringent mortgage approval, and oversupply of residential and commercial properties will continue to weigh in on the property sector. Bearing this in mind, we expect developers to continue to face challenges in achieving sales targets, even with new launches being skewed towards the affordable housing segment where properties are priced at less than RM500,000. Adding to this is the fact that property upgraders and investors are facing higher Real Property Gains Tax, which increased from 0% to 5%, for gains received from disposal of properties after the fifth year of owning them.

However, Budget 2019 which was tabled by the Government in FY2018 has in place a number of measures which may revitalise the property sector. In particular, the Government has set aside an allocation of RM1.5 billion to build and complete affordable housing projects. According to real estate consultancy Knight Frank Malaysia Sdn. Bhd., these should kick-start the housing market moving into FY2019 and beyond.

Our Focus Areas in FY2019

Bearing the future economic and sectoral outlook in mind, Encorp has outlined our future growth strategies towards ensuring we remain on course with our turnaround journey, whilst at the same time bringing more value to the Group by emphasising on revenue growth.

We will drive future growth by leveraging on our relationship with landowners to access their landbanks in strategic locations with a view of identifying partnerships, as well as exploring with our holding company, FELDA, to build a pipeline of property development projects.

Within our existing property portfolio, our focus is on launching new properties in Encorp Cahaya Alam, namely Clover and Lily, by leveraging our marketing strategy on its prime location in a mature township with excellent access, while effecting our customer-centric strategy of enhanced product offerings and excellent after-sales service to ensure high levels of customer satisfaction. With regards to the Bukit Katil Township, Encorp had obtained the Planning Permission authority approval for the development in FY2018. Encorp will also be finalising the development strategy in the year ahead, and conclude our review of the masterplan to optimise our returns, as well as identifying credible joint venture partners for the proposed development.

We will maintain our commitment to our turnaround journey by putting priority on revenue growth and enhance operational efficiencies to drive our business goals. Underscoring all our future focused efforts is our unrelenting commitment to offer innovative products to drive Encorp's value proposition in the marketplace, and ensure strong customer relationships through our customer-centric strategy.

Despite the challenging market environment expected for the year ahead, we remain cautiously optimistic that our focused efforts will result in the successful completion of our turnaround journey, as well as setting in place strong foundations to ensure our sustainable long-term business growth.

LEADERSHIP

Board of Directors
The Winning Team
Organisation Structure





BOARD OF DIRECTORS



HUSSEIN BIN ISMAIL

Non-Executive Chairman
Non-Independent Non-Executive Director
Chairman of Executive Committee

Age	Gender	Nationality
62	Male	Malaysian

Hussein Bin Ismail was appointed to the Board of Encorp Berhad on 14 August 2017. He was re-designated as Non-Executive Chairman of Encorp Berhad on 26 January 2018.

Hussein holds Bachelor of Business Administration (Finance) and Diploma in Accountancy from Universiti Teknologi MARA (formerly known as Mara Institute of Technology).

Hussein is an approved Tax Agent under the Ministry of Finance Malaysia and a Member of the Chartered Tax Institute of Malaysia. He is also an approved Company Secretary under the Companies Commission of Malaysia, Affiliate Member of The Malaysian Institute of Chartered Secretaries Administrators and a Member of the Institute of Approved Companies Secretaries.

Hussein is currently the Director of Folks DFK & Co., a member firm of DFK international since 2007. He joined Azman, Salleh & Co back in year 1979 and the firm was then merged into Folks DFK & Co. on 1st February 2006. He has vast experiences in the full range of public accountancy services including audit, accountancy, taxation, secretarial, consultancy services and insolvency assignments covering wide range of clients.

Currently he serves as the Director and Chairman of Board Government, Risk and Audit Committee of Felda Investment Corporation Sdn. Bhd. and a Non-Independent Non-Executive Director and a member of Audit and Risk Management Committee of Iris Corporation Berhad.

Hussein does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



YBHG DATUK HAJI JAAFAR BIN ABU BAKAR

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nominating and Remuneration Committee

Age	Gender	Nationality
73	Male	Malaysian

Datuk Haji Jaafar was appointed to the Board of Encorp Berhad on 24 July 2014.

Datuk Haji Jaafar graduated with a Bachelor of Arts (Honors) from University of Malaya in 1969, he obtained a Masters in Public Policy and Administration from University of Wisconsin, Madison, U.S.A. in 1980, and is a Fellow of the Economic Development Institute of the World Bank, Washington D.C.

Datuk Haji Jaafar started his career as a Land Administrator in FELDA before joining the Malaysian civil services in 1970. He has since served in various senior positions within the Government Departments which included State Development Officer in Penang, Pahang and Kelantan, Deputy General Manager of Central Terengganu Development Authority and South Kelantan Development Authority, Director of Kelantan Land Development Board, General Manager of Kelantan State Economic Development Corporation, Deputy Secretary General of the Ministry of Domestic Trade and Consumer Affairs and Council Member of Malaysian Industrial Development Authority.

Datuk Haji Jaafar opted for early retirement from the civil service in 1991 and joined Koperasi Usaha Bersatu as Group General Manager of KUB Holdings Berhad. He subsequently took up a position as Executive Director of Damansara Realty Berhad and year later, he served as Managing Director. He served as Executive Chairman of Cold Storage (Malaysia) Berhad from 1996 to 1998 and President / CEO of Uniphoenix Corporation Berhad until 2006. He also served as a member of FELCRA Board from 1998 – 2007. Currently, he is the Executive Chairman of Tajaria Sdn Bhd.

Datuk Haji Jaafar does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



ABDUL RAHIM BIN ABDUL HAMID

Independent Non-Executive Director

Chairman of Audit and Risk Committee

Chairman of the Nominating and Remuneration Committee

Age	Gender	Nationality
69	Male	Malaysian

Abdul Rahim was appointed to the Board of Encorp Berhad on 25 August 2014.

Abdul Rahim is a Fellow of the Association of Chartered Certified Accountants, Member of the Malaysian Institute of Certified Public Accountants and Member of the Malaysian Institute of Accountants.

Abdul Rahim started his career with Coopers & Lybrand in 1971 and moved up quickly when he was made Audit Supervisor in 1973, Audit Manager in 1976, a Director in 1981 and admitted as a Partner in 1982. As a Partner in Coopers & Lybrand, he specialised in Computer Auditing (1982-1986), developed the Sabah & Sarawak Practice (1986-1990), managed the Firm's Management Consultancy Practice (1990-1992). He assumed the position of Managing Partner and Chief Executive in 1993. Upon the firm merging with Price Waterhouse in 1998, he assumed the position of Deputy Executive Chairman of PricewaterhouseCoopers until he retired in 2004.

During the career span of 33 years, Abdul Rahim was involved in auditing, management consulting and insolvency services covering a cross section of industries including retail, manufacturing, construction, plantation, entertainment and banking.

Upon his retirement in 2004, Abdul Rahim established Rahim Hamid & Co, now renamed ARH Associates providing Professional Services in Mergers & Acquisition, Insolvency & Recovery and Muamalat Business Advisory.

Abdul Rahim served as the President of the Malaysian Institute of Accountants [2005-2007 and 2009-2011] and as the President of the ASEAN Federation of Accountants [2010-2011].

Abdul Rahim sits on the Board of Directors of AEON Co (M) Berhad, Petra Energy Berhad and GFM Services Berhad.

Abdul Rahim does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



YBHG DATUK MUZZAMMIL BIN MOHD NOR

Non-Independent Non-Executive Director
Member of Executive Committee
Member of Audit and Risk Committee

Age	Gender	Nationality
48	Male	Malaysian

Datuk Muzzammil was appointed to the Board of Encorp Berhad on 14 August 2017.

Datuk Muzzammil holds a Bachelor of Accounting (Hons) from University Malaya.

Datuk Muzzammil started his career as an Executive in PNB Equity Resource Corporation Sdn Bhd in 1996 and became Senior Executive in Permodalan Nasional Berhad from 1999 to 2001. He worked as the Senior Manager of Kim Fashion (M) Sdn Bhd from 2001 to 2006 and was the Manager of Sales & Business Development in Heveafil Sdn Bhd from 2007 to 2011. During 2011 to 2013, Datuk Muzzammil acted as the Deputy Chief Commercial Officer of FEC Cables Sdn Bhd.

Datuk Muzzammil was the Head of Investment Unit of FELDA from 2013 to 2014. He had previously assumed the role of Financial Controller of FELDA from 2014 to 2015 and was the former Deputy Director General (Management) of FELDA. He had also previously sat on the Board of Directors of Felda Investment Corporation Sdn Bhd.

Datuk Muzzammil does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

THE WINNING TEAM

EXECUTIVE COMMITTEE (EXCO)



HUSSEIN BIN ISMAIL

The profile of Hussein bin Ismail is set out on page 27.



DATUK MUZZAMMIL BIN MOHD NOR

The profile of Datuk Muzzammil bin Mohd Nor is set out on page 30.



MUAAZAM BIN MAHMUD

The profile of Muaazam bin Mahmud is set out below.

The EXCO was established to take care of the business continuity of Encorp Group in the absence of key management personnel. The EXCO acts as a conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

The EXCO comprises Hussein Bin Ismail (Chairman), Datuk Muzzammil Bin Mohd Nor and Muaazam Bin Mahmud (Members). Hussein Bin Ismail was appointed as member of EXCO on 23 November 2017 and subsequently redesignated as Chairman of EXCO on 23 February 2018. Datuk Muzzammil Bin Mohd Nor and Muaazam Bin Mahmud were appointed as members of EXCO on 23 November 2017 and 29 August 2018 respectively.

The Chairman of the EXCO is supported by two (2) EXCO members, to ensure that the decisions of the Board, strategic matters, as well as operations of Encorp Group are carried out effectively.

MUAAZAM BIN MAHMUD

EXCO Member

Muaazam (Malaysian, aged 45, male) joined Felda Investment Corporation Sdn Bhd (FIC) as the Chief Strategy Officer in October 2017 and has assumed the role of its Chief Executive Officer since April 2018. His primary role at FIC is to oversee the company's investment portfolio and maximise the value of the company's various investments.

Muaazam graduated with a Bachelor of Science in Finance from Illinois University at Urbana-Champaign.

Among the organisations that Muaazam has worked for in the past include the Multimedia Development Corporation (now known as Malaysia Digital Economy Corporation) and the Federation of Malaysian Manufacturers. Muaazam brings with him over 20 years of experience in the fields of business development, strategic management, and investment analysis across multiple industries including property and technology.

Prior to FIC, he spent seven years at Iskandar Investment Berhad (IIB) and is part of the pioneer team for the development of Iskandar Malaysia. At IIB, he held various senior positions in the areas of business development and portfolio management. Muaazam was instrumental in the development of the first purpose-built office building in Medini in 2014 – the CBD of Iskandar Malaysia - where he spearheaded the conceptualisation and marketing of the building. As the head of portfolio management at IIB, Muaazam played a key role in ensuring that IIB's investments in its joint-venture companies produced the desired returns. He was also involved in the development of master plans for large tracts of lands in Iskandar Puteri.

Muaazam does not hold directorship in any other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



MOHD IBRAHIM BIN MASRUKIN

Group Chief Operating Officer and Head of Property

Mohd Ibrahim (Malaysian, aged 58, male) was appointed as the Group Chief Operating Officer on September 2018 and Head of Property on January 2019.

Mohd Ibrahim graduated with a Bachelor of Arts in Mathematics, minor in Economics from Southern Illinois University, Carbondale, USA and obtained his post graduate qualification Master of Science in Statistic, minor in Econometrics from the same university.

Mohd Ibrahim started his career with Alexander Proudfoot in 1985 as a Management Consultant. Subsequent to that, Mohd Ibrahim has been actively involved in various industries including public listed companies for more than 33 years of experience namely Property, Construction, Education and Media & Entertainment where he has held top management positions.

Prior to joining Encorp, Mohd Ibrahim was the Executive Director of ENCapital Sdn Bhd. He also previously held the position of Group Chief Executive Officer of Encorp Berhad, Group Director of Encorp Group, Chief Executive Officer for NetSeven Television (ntv7), Chief Executive Officer for Synchrosound Studios and Vantage View and Regional Director for American Express International, Malaysia & Singapore.

Mohd Ibrahim does not hold directorship in any other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



WILLIAM SEOW

Head of Finance and Sales & Marketing

William (Malaysian, aged 47, male) joined Encorp on February 2012 as the General Manager of Finance Properties. William was subsequently appointed as the Head of Finance on August 2014 and Head of Sales & Marketing on December 2018.

William graduated with a Bachelor of Business in Accounting and Computing from University of Technology, Swinburne, Australia.

William started his career with Ernst & Young, Kuala Lumpur in 1995 for 6 years as a Consultant in Transaction Advisory Services and subsequently continued with the Assurance department. In 2001, William joined Petaling Tin Berhad as a Senior Executive in Corporate Finance, Merger & Acquisition. William continued his career for more than 16 years in the Finance Industry as an Accountant, Senior Finance Manager and Head of Finance in Property listed companies.

Prior to joining Encorp, William also held the position of Senior Finance Manager in Sunway City Berhad and Sunway Berhad from 2007.

William is a member of the Malaysian Institute of Accountancy and Certified Practicing Accountant Australia.

William does not hold directorship in any other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



LEE LAY HONG

Head of Legal and Company Secretarial

Lee Lay Hong (Malaysian, aged 52, female) was appointed as the Head of Legal and Company Secretarial on July 2008. She is the Group Company Secretary who acts as an adviser to the Board, advising the Board on the legal and regulatory requirements, Listing Requirements and the implementation of Malaysian Code on Corporate Governance. She is also the secretary for all Board Committees and Subsidiaries of Encorp Berhad.

Lee Lay Hong graduated with a Bachelor Degree in Law with Honours from University of Leicester, United Kingdom and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. She is also a Licensed Company Secretary.

Lee Lay Hong commenced her legal practice in litigation and subsequently ventured into commercial sectors. She has 26 years of experience in legal work, covering corporate and commercial, banking, litigation, industrial relations, intellectual property and construction; corporate secretarial and corporate governance matters.

Prior to joining Encorp, she has held leadership positions as Head of Legal and Group Company Secretary for Mah Sing Group Berhad and Head of Legal for Puncak Niaga (M) Sdn Bhd.

Lee Lay Hong was awarded the 1st Asian Company Secretary of the Year Recognition Awards 2013 by Corporate Governance Asia, Hong Kong, in recognition of her excellent company secretarial practices in the aspect of regulatory compliance, legal supports and corporate governance.

Lee Lay Hong does not hold directorship in any other public companies and listed issuers. She does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. She has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



HAMID BIN SALIKIN

Head of Information Technology & Administration Services and Mall Management

Hamid (Malaysian, aged 46, male) was appointed as the Head of Information Technology on June 2011 and Head of Mall Management on March 2019.

Hamid graduated with a Bachelor of Science in Chemical Engineering from University of Wisconsin-Madison, USA and obtained his post-graduate qualification Master of Science in Information Technology from Universiti Teknologi MARA, Shah Alam.

Hamid started his career in 1997 as a Supplier Quality Engineer with Seagate, Penang. Throughout more than 20 years of experience in Information Technology, he has been involved in multi-discipline industries especially in manufacturing, sales support, software distribution, public transportation, oil and gas, information services, cyber security, property development and construction.

Prior to joining Encorp, Hamid was the Director of Technology and Development with Konsortium Multimedia Swasta Sdn Bhd in providing electronic government services, Head of Development for Global Response Center in the International Multilateral Partnership Against Cyber Threats (IMPACT), Cyberjaya and other senior technical positions with RapidKL and multi-national entities such as Shell IT International and AT&T Network.

Hamid does not hold directorship in any other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



ARMAN IDZMY BIN OMAR

Head of Risk & Governance

Arman Idzmy (Malaysian, aged 42, male) joined Encorp on October 2016 as the Senior Manager of Internal Audit and was appointed as the Head of Risk & Governance on December 2017.

Arman Idzmy graduated with a Bachelor in Accounting and Finance from John Moores Liverpool University. Arman Idzmy has also obtained a Master's in Forensic Accounting and Financial Criminology from University Technology MARA.

Arman Idzmy started his career in 2001 as an Internal Audit Executive in AmMerchant Bank Berhad. Subsequent to that, he joined Ernst and Young as a Senior Executive in Advisory Services. Arman Idzmy then continued his career as an Internal Audit Manager in DRB-HICOM.

Prior to joining Encorp, Arman Idzmy held the position of Internal Audit Manager in Sapura Kencana Petroleum Berhad.

Arman Idzmy does not hold directorship in any other public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



DATIN NORSYELA BINTI JAAFAR

Head of Human Resource

Datin Norsyela (Malaysian, aged 42, female) was appointed as the Head of Human Resource on February 2017. Datin Norsyela oversees the formulation of human resource policies and procedures, enhancement of organisation values and cultures as well as developing organisational capabilities and enhancing employee engagement.

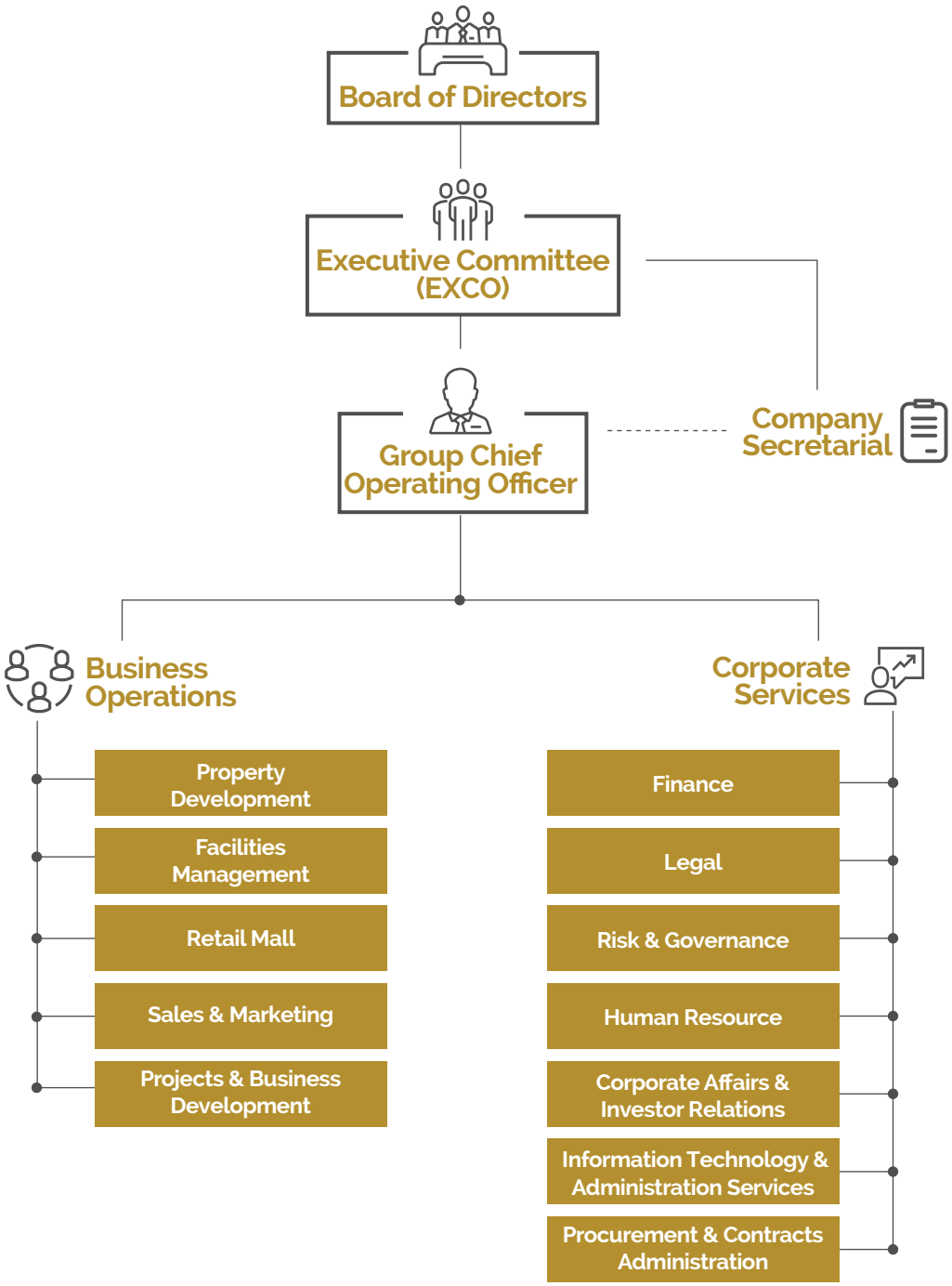
Datin Norsyela graduated with a Bachelor of Graphic Design & Marketing from Curtin University of Technology (Australia).

Datin Norsyela started her career as an Investor Relations and Corporate Planning Assistant in 2005. Datin Norsyela has over 11 years of experience in Human Resource and Talent. Her people skills are well complemented with her substantial years of previous experience in business development as Manager at Taylor's University.

During her tenure at Encorp, her dedication and commitment to the Group has gained Encorprecognition from both international and local community. The Group was honoured Human Resource Asia Best Companies to Work for in Asia in 2017 and 2018 and Silver Medal Award for Employer of Choice (Private Sector) at the Malaysia Human Resources Award, organised by Malaysian Institute of Human Resource Management (MIHRM) in 2017 and 2018.

Datin Norsyela does not hold directorship in any other public companies and listed issuers. She does not have any family relationship with any director and/or major shareholder or any conflict of interest with the company. She has never been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

ORGANISATION STRUCTURE







CORPORATE REPORT

Corporate Profile
Corporate Information
Corporate Structure



Encorp Strand Business Suites

CORPORATE PROFILE

Encorp Berhad (Encorp or the Group) is a property development and management services company based in Kuala Lumpur, Malaysia. Encorp was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003. The Group has been a subsidiary company of the investment arm of the Federal Land Development Authority (FELDA), Felda Investment Corporation Sdn. Bhd. (FIC), since 2014. FIC currently owns 64.39% equity interest in Encorp.

The Group's four core business segments consist of property development, facilities management, investment property (retail mall) and concessionaire, with property development as the core business focus. Encorp's property portfolio footprint spans both Malaysia and Australia, the result of its strategic development path since inception to leverage on its industry accreditations, as well as property development and management expertise, to identify opportunities within markets that offer shareholders valuable returns on their investments. The Group is well positioned to capitalise on its strategic relationship with its holding company FIC, to continue to drive its sustainable business growth and capture greater market opportunities.

Encorp's property portfolio comprises of commercial and residential developments which have received both international and local awards and accolades, a reflection of the Group's Transformation Journey focusing on being one of the premier companies in the property development sector by providing the highest Quality, Standards, Value and Service through innovative products and enhanced customer services.

Encorp's signature properties include the Strand Mall and Encorp Strand Kota Damansara, both of which have won tribute at the Asia Pacific Property Awards. The Group has remained steadfastly committed to maintaining the highest levels of corporate governance, as evident from international recognitions which include the Corporate Governance Asia Recognition Award 2013, the 1st Asian Company Secretary of the Year Award 2013 and the Best Investor Relations Company at the 7th Asian Excellence Recognition Awards 2017.

Encorp's human resource management and policies are founded on the Group's belief that its employees are the main drivers of its Quality, Standards, Value and Service philosophy. The Group's employee engagement and talent development initiatives were recognised with the Human Resource Asia Best Companies to Work for in Asia 2018 Award, as well as the Silver Medal Award for Employer of Choice (Private Sector) at the Malaysia Human Resources Awards 2018.

The Group's subsidiaries Encorp Must Sdn. Bhd. and Must Ehsan Development Sdn. Bhd. have ISO 9001:2015 certification, reflecting Encorp's commitment to providing the highest Quality, Standards, Value and Service in all its developments. Encorp's subsidiary Encorp Bukit Katil Sdn. Bhd. is the master developer for the Bukit Katil project integrated township project in Melaka.

The Group's investment property arm, Encorp Strand Mall Sdn. Bhd. manages the Strand Mall, a lifestyle neighbourhood mall at Kota Damansara. Encorp Facilities Management Sdn. Bhd. specialises in facility management, providing its services within the industry. Encorp Construction and Infrastructure Sdn. Bhd. provides industry-specific construction and infrastructure solutions, while Encorp Trading Services Sdn. Bhd. undertakes mechanical, electrical and water supply system works. Both Encorp Construction and Infrastructure Sdn. Bhd. and Encorp Trading Services Sdn. Bhd. are certified with G7 Grade by the Construction Industry Development Board (CIDB), with Encorp Trading Services Sdn. Bhd. also having an additional electrical and mechanical specialisation CIDB certification.

Encorp's future roadmap is firmly focused on expanding the Group's local and regional presence, through the employment of its two-pronged strategy which utilises innovative approaches in designing holistic developments for communities in line with their lifestyle needs and aspirations. The Group remains on track with its goal of enriching lives through high quality and innovative products and services.

CORPORATE INFORMATION

Board of Directors

Hussein bin Ismail
Non-Executive Chairman,
Non-Independent Non-Executive Director

Datuk Muzzammil bin Mohd Nor
Non-Independent Non-Executive Director

Datuk Haji Jaafar bin Abu Bakar
Independent Non-Executive Director

Abdul Rahim bin Abdul Hamid
Independent Non-Executive Director

Audit and Risk Committee

Abdul Rahim bin Abdul Hamid
Chairman

Datuk Haji Jaafar bin Abu Bakar
Member

Datuk Muzzammil bin Mohd Nor
Member

Nominating and Remuneration Committee

Abdul Rahim bin Abdul Hamid
Chairman

Datuk Haji Jaafar bin Abu Bakar
Member

Executive Committee

Hussein bin Ismail
Chairman

Datuk Muzzammil bin Mohd Nor
Member

Muaazam bin Mahmud
Member

Company Secretary

Lee Lay Hong (LS 0008444)

Registered Office

No. 45-1, Jalan PJU 5/21
Pusat Perdagangan Kota Damansara
Kota Damansara PJU 5
47810 Petaling Jaya, Selangor Darul Ehsan

Tel: (6) 03 6286 7777
Fax: (6) 03 6286 7717
Email: encare@encorp.com.my

Share Registrar

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel: (6) 03 2084 9000
Fax: (6) 03 2094 9940
Email: info@sshsb.com.my

Principal Bankers

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad

Auditors

Deloitte PLT (AF: 0080)

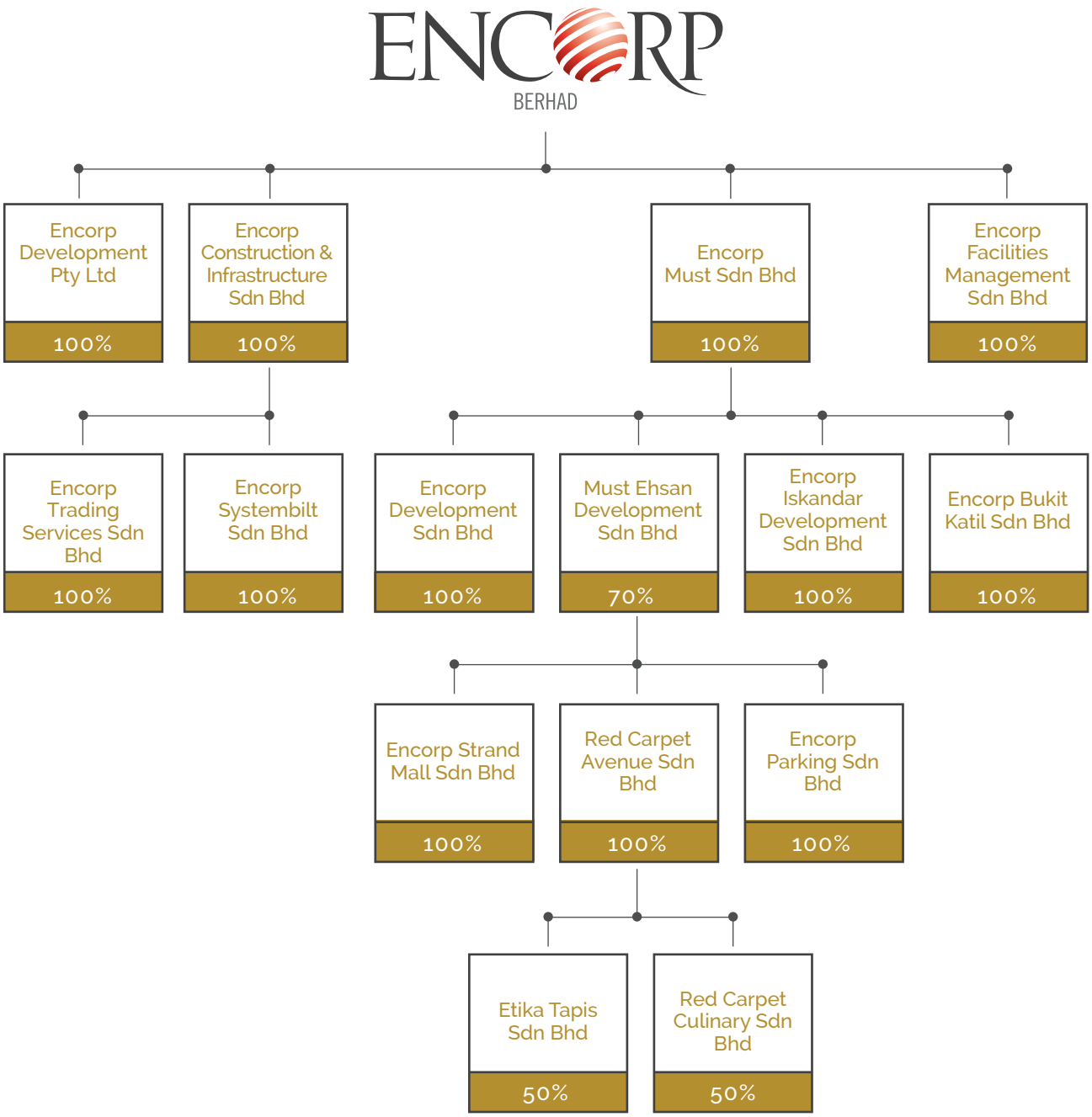
Solicitors

Zul Rafique & Partners
P.Y. Hoh & Tai
Wong & Partners
Sanjay Mohan
Che Mokhtar & Ling
Azmi & Associates

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock Name : ENCORP
Stock Code : 6076

CORPORATE STRUCTURE



Subsidiary Company	Percentage (%)	Principal Activity	Place of Incorporation
Encorp Must Sdn Bhd	100	Investment Holding and Property Project Management	Malaysia
Must Ehsan Development Sdn Bhd	70	Property Development	Malaysia
Encorp Strand Mall Sdn Bhd	100	Property Investment	Malaysia
Encorp Parking Sdn Bhd	100	Property Investment	Malaysia
Red Carpet Avenue Sdn Bhd	100	Investment Holding	Malaysia
Etika Tapis Sdn Bhd	50	Food & Beverage	Malaysia
Red Carpet Culinary Sdn Bhd	50	Food & Beverage	Malaysia
Encorp Development Sdn Bhd	100	Property Development	Malaysia
Encorp Iskandar Development Sdn Bhd	100	Property Development	Malaysia
Encorp Construction & Infrastructure Sdn Bhd	100	Investment Holding and Construction Project Management	Malaysia
Encorp Systembilt Sdn Bhd	100	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	Malaysia
Encorp Trading Services Sdn Bhd	100	General Trading	Malaysia
Encorp Development Pty Ltd	100	Property Development	Australia
Encorp Facilities Management Sdn Bhd	100	Facilities Management Services Provider	Malaysia
Encorp Bukit Katil Sdn Bhd	100	Property Development	Malaysia

SUSTAINABILITY REPORT

Sustainability Statement





SUSTAINABILITY STATEMENT

About This Statement

At Encorp Berhad (Encorp or the Company), we are committed to contributing towards sustainable development with distinct economic, environment and social (EES) goals. For the year 2018, we are proud to present our sustainability statement to further illustrate our initiatives towards sustainable business.



Scope and Reporting Boundary

We believe that sustainability neither begins nor ends at the boundaries of our properties and we incorporate our economic, social and environmental obligations and opportunities in our day-to-day operations. Our reporting boundary is limited to Property Development as it is the largest revenue contributor to Encorp. Other business activities within Encorp Group shall be reported in the next sustainability reporting accordingly.

This sustainability statement includes both qualitative and quantitative data that covers the reporting period from 1 January 2018 to 31 December 2018 (FY2018). The contents of the statement are aligned in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). This statement adopts the Global Reporting Initiatives (GRI) Standards (Core Option) as the framework to assist us in identifying the EES risk and opportunities relevant to our business operations.

SUSTAINABILITY STRATEGY AND ROADMAP

We believe in creating a business that is able to make a difference to the community by providing high quality products and services. Our business strategies support our growth and deliver returns to our investors based on our corporate core values of ethical, relationship, success and learning.



Promoting sustainable development by giving positive economic impact to the local economy.



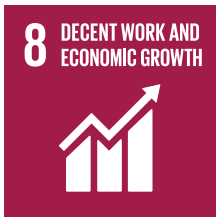
Providing business solutions that better serves our customer while reducing the impact on the enviroment.



Developing and empowering our people and community towards safe and healthy lifestyle.

We recognise the importance of the 2030 United Nation's 17 Sustainable Development Goals (SDGs) and are committed to adopt the agendas relevant to our business operations. For this year of reporting, we have identified primarily with four SDGs Focus Area, which are: Decent Work and Economic Growth (SDG 8); Sustainable Cities and Communities (SDG 11); Responsible Consumption and Production (SDG 12); and Peace, Justice and Strong Institutions (SDG 16).

Encorp's SDG Focus Area



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work



Promote sustainable cities and communities



Ensure sustainable consumption and production patterns



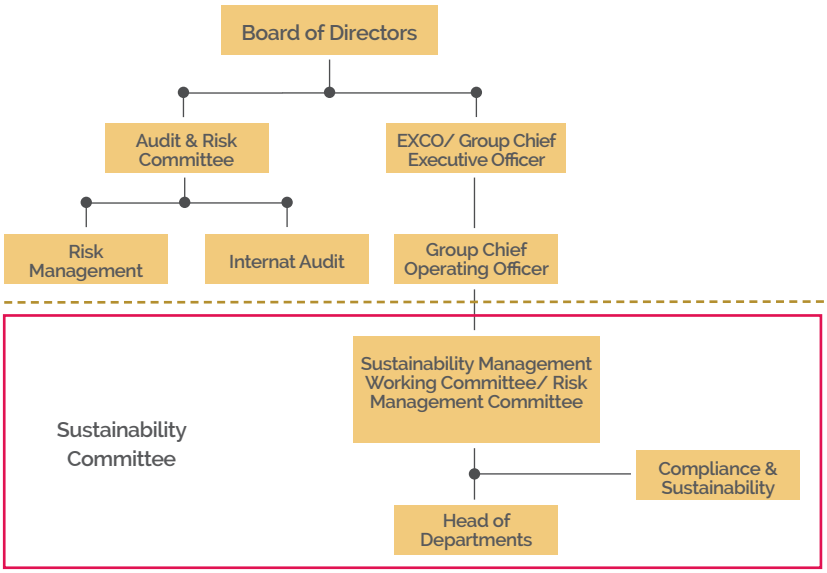
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build accountable and inclusive institutions

SUSTAINABILITY LEADERSHIP

In steering our business towards sustainable practices, a formal sustainability governance structure has been established. The governance structure ensures accountability and serves as a platform to monitor the implementation of sustainability initiatives and performances.

Our structure comprises a two-tiered structure with the Board at the helm. The Sustainability Committee is led by both the Chairman and the Executive Management Committee (EXCO). Our Sustainability Committee consists of Business Operations and Corporate Services that are made up of various departments.

Each department is responsible for identifying EES risk and opportunities (material issues) as well as developing and executing initiatives to address them. The committee is also responsible for reviewing and making recommendations to the Chairman and the EXCO on Encorp's strategy and performances pertaining to the EES aspects.



Roles and Responsibilities

Chairman and Member (EXCO)

- Oversees the progress of the Company's sustainability initiatives
- Sets clear objectives and relevance of sustainability within the group

Sustainability Committee

- Identifies and presents material issues relevant to the Company's business operations
- Help in integrating sustainability across the Company's business operations

STAKEHOLDER ENGAGEMENT

At Encorp, we build strong relationships with our stakeholders by engaging with them regularly in order to address effectively any sustainability challenges and opportunities affecting us all. We have a range of internal and external stakeholders that we maintain our communication with, and the table below shows our stakeholder group, areas of interest, methods of engagement and frequency of engagement.

Stakeholder Group	Area of Interests/Expectations	Methods of Engagement	Frequency of Engagement
Employees	• Work life balance • Career development and progression opportunities • Fair remuneration • Safe and conducive workplace	• Training programmes and workshops	• As per plan set by Human Resource (HR)
		• Toolbox meetings	• Weekly
		• Employee engagement survey	• Annually
		• Employee engagement programme	• As per plan set by HR
		• Sport activities	• Weekly
		• Inter-Departmental Service Survey	• Annually
Customers	• Competitive pricing • Customer satisfaction • Safety and security • Efficient complaints resolution	• Customer survey	• Once per-project
		• Community engagement programmes	• As and when required
Regulatory Bodies	• Regulatory compliances • Standards and certifications • Policy and regulatory changes	• Consultation sessions and conferences	• Annually (per-project)
		• Policy briefings	• Once (upon policy approval)
		• ISO 9001 certificate compliance	• Annually
		• Facility visits	• Annually (per-project)
Investors	• Financial performance • Transparent reporting with credible data • Financial stability • Business strategy	• Progress Report on the Company's Website	• Quarterly (as per announcements made to Bursa Malaysia Securities Berhad) • Annually (for Year End Result)
		• Shareholder meeting (AGM)	• Annually
		• Annual report	• Annually • As and when required (distributed to shareholders upon request)
		• Updates on the Company's financial growth and/or business activities to Stakeholders	• Quarterly
		• Site Visit	• As and when required
Local Community	• Creating a positive impact on the surrounding communities • Responsible corporate citizen-giving back to the community	• Corporate Social Responsibility (CSR) programmes	• Quarterly
Vendors/Suppliers	• Transparent procurement processes • Payment schedule	• Review meetings	• As and when required (upon tender approval)
		• Contract negotiation	• As and when required (upon tender approval)
		• Safety briefings and workshops	• As and when required (upon site mobilisation)
Media	• Updates, accessibility and immediacy • Long-term relationship building • Impact of community investment	• Periodic updates on corporate development, key events, press releases and broadcasts	• As and when required
		• Websites (contain updated information and contents are relevant to listed issuer's shareholders)	• Daily (available 24 hours)
		• Engagement Activities with the Media	• As and when required
		• E-Digital - Social Media Outreach (via Facebook & Instagram)	• As soon as practicable or upon completion of an event

SUSTAINABILITY MATTERS

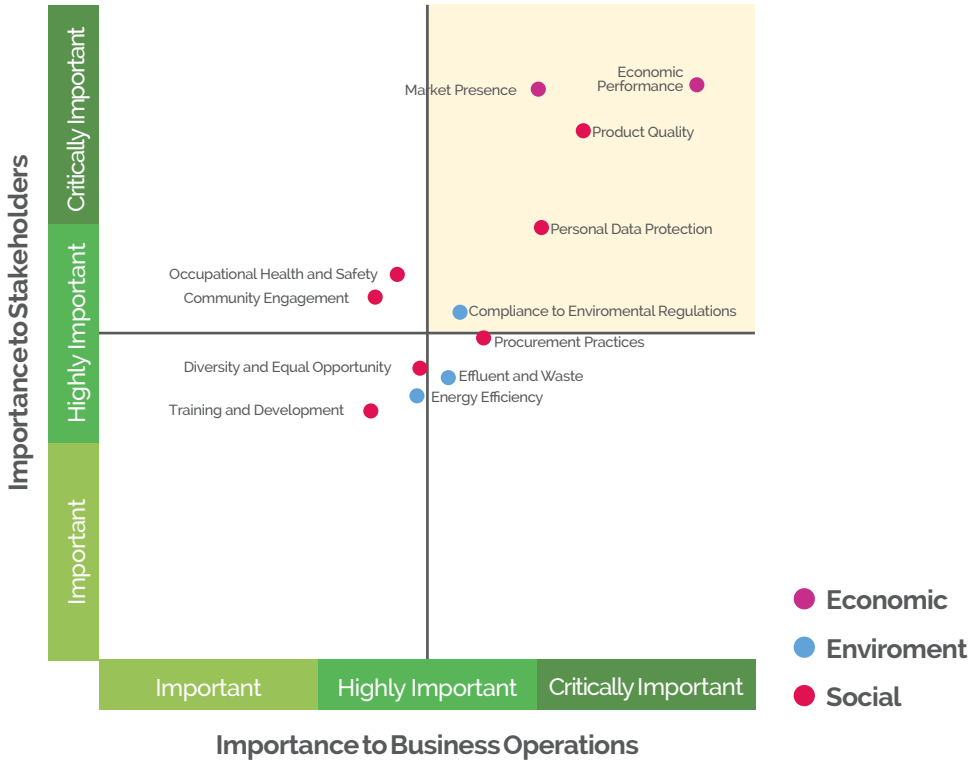
Materiality assessment is an assessment to help define and determine the risks and opportunities that matter most to a business and its stakeholders on sustainability. The findings of the materiality assessment are used to develop a materiality matrix that illustrates the risks and opportunities that are material to Encorp's business operations and stakeholders. The materiality assessment process is described in the following steps.

01 Identification of material matters relevant to the Company's business operations.

Ranking survey is conducted based on the importance of the materiality sustainability matters to the Company's business and to each stakeholder. **02**

03 The materiality matrix is derived by plotting a graph using the ranking and weightage mechanism.

Based on the rankings given by the sustainability working committee, we derived a materiality matrix as shown in the figure below. For FY2018, we identified 12 sustainability matters that are relevant to our company's business.



	Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Economic	Economic Performance	Economic Performance	Investors	
	Market Presence	Market Presence	Employees	
	Procurement Practices	Procurement Practices	Suppliers and Vendors, Regulatory Bodies	
Enviromental	Energy Efficiency	Energy	Local Communities, Investors and Regulatory Bodies	
	Effluent and Waste	Effluent and Waste	Local Communities, Investors and Regulatory Bodies	
	Compliance to Environmental Regulations	Compliance	Regulatory Bodies, Customers and Investors	
Social	Personal Data Protection	Compliance	Customers, Investors, Suppliers and Vendors	
	Occupational Health and Safety	Occupational Health and Safety	Employees, Regulatory Bodies	
	Diversity and Equal Opportunity	Diversity and Equal Opportunity	Employees, Regulatory Agencies, Suppliers and Contractors	
	Training and Development	Training and Education	Employees, Regulatory Agencies	
	Community Engagement	Local Communities	Local Communities	
	Product Quality	Compliance	Regulatory Agencies, Customers and Investors	

GOVERNANCE

Ethics and Integrity

At Encorp, we promote transparency and accountability in our business operations. We have adopted the Whistleblowing policy as part of our governance best practices. All of our employees are encouraged to raise genuine concern about any misconduct pertaining to financial reporting, compliance or any other malpractice in an appropriate manner. We also uphold our Code of Conducts in dealing with people and doing business, and have distributed the Employee Handbook (The Handbook) of Encorp Berhad to all our employees.

The Handbook lays down the general terms and conditions, policies, procedures, rules and regulations governing employment with the Company.

Personal Data Protection

The privacy and confidentiality of our employees and customers are of our utmost importance. Our Personal Data Protection Notice encapsulates the Personal Data Protection Act (2010). It sets out the policies in Encorp Berhad, its subsidiaries, associate companies and jointly controlled entities pertaining to processing of personal data, purpose of use, disclosure to third parties, transfer of personal data, access and correction, and acknowledgement and consent for use.

Product Quality

Encorp is committed to product quality and customer satisfaction. In ensuring the quality of our products, we adhere to the "Quality Assessment System in Construction" known as QLASSIC for all of our construction sites. In April 2018, we achieved 75% for QLASSIC score for our development Encorp Marina Puteri Harbour at Iskandar Puteri.

Our certification in Quality Management System (ISO 9001:2015) ensures our products and services comply with the highest standards and we are committed towards delivering world class quality and creating value for all our stakeholders.



Each of our quality objectives is mapped to measure performance targets followed by evaluation and action being monitored by selected departments in Encorp.

At Encorp, we try our best to address any complaints and to rectify any defects resulting from our construction practices. The recorded defect rate (defect per unit) for our projects in FY2018 is listed below.

Project	Total Defect	Unit Handover	Unit Complaint	Defect/Unit
Akasia: Encorp Cahaya Alam	199	100	92	2
Encorp Strand Residences	530	239	211	2.2
Encorp Marina Puteri Harbour	9360	377	430	24.8

Source: Quality Management System Review 2018

Management has been taking proactive measures to address the defects and complaints for the above projects. Among the measures implemented are as follows;

1. Engagement and direct communication with purchasers on defects and complaints lodged;
2. Active management monitoring on status of defect to ensure defects rectifications are within specified timeline and to an acceptable standard; and
3. Allocation of adequate resources for defect rectification.

We record the complaints and defects and are dedicated to ensure that the cases are closely monitored and resolved within the stipulated timeline. The performance of our vendors in completing tasks in order to resolve the complaints and defects are also monitored, and we conduct the final pre-delivery inspection to ensure all items are in order. Encorp also has established a complaint tracking system to register, report and monitor the status of complaints to Management.

Customer satisfaction is a key element of our business and at Encorp, we continuously strive to improve our performance. We conduct a project handover customer satisfaction survey to gauge our customer satisfaction level and we are pleased to announce that for the FY2018, our customer satisfaction results has surpassed our target for two of our development projects, namely, Akasia Encorp Cahaya Alam and Encorp Marina Puteri Harbour.

Project	Score (%)	Target (%)
Akasia: Encorp Cahaya Alam	94	75
Encorp Marina Puteri Harbour	81	75

We are committed in continuously improving our products and services by meeting all of applicable standards and regulations.

ECONOMIC PERFORMANCE

Strong economic performance, along with social responsibility and environmental stewardship, is an important component towards becoming a sustainable property company. Our strong economic performance allows us to invest in profitable growth and continuous improvements in our existing operations, despite a volatile property market.

We believe our manpower is our greatest asset contributing to our economic performance. Therefore, we ensure our employees benefit from our continuous economic performance via provision of employee benefits. Employee benefit plans are also part of the requirements of the Employment Act 1955 for every applicable employee. We also make contributions to our employees' retirement savings through the Employee Provident Fund (EPF). To the right is the total value and percentage (out of our revenue generated) we have committed for our employees' retirement plan.



Revenue (RM'000)

RM259,959



EPF (RM'000)

RM 1,021

0.39% of Revenue

Market Presence

100%

Local Talent

Our ambition is to take action and be recognised as a partner in the sustainable social and economic development of the communities and regions where we operate. As a support towards enriching the local economy, the Company provides employment opportunities for local talents. We are proud to announce that 100% of our employees at both the Management and Senior Management levels are Malaysian.

Procurement Practices

Optimising the performance of our supply chain is a major aspect of Encorp's operations. We engage the services of consultants, contractors and suppliers for our development projects. Companies that are keen to be part of our supply chain undergo a selection process whereby only suitably qualified vendors are listed in our database of registered vendors.

Consultants	• Architect Consultancy Services • C&S & M&E Consultancy Services • Quantity Surveyor Consultancy Services • Town Planner Consultancy Service
Contractors	• Building Works Contractor • Interior Design Works Contractor
Suppliers	• IT Supplier • Security Service Supplier • Pest Control Supplier • M&E • Civil Work Supplier • Landscaping, Cleaning, Sound & Lightning Supplier

100%

Local Suppliers

For FY2018, 100% of the required services were carried out by Malaysian vendors. By supporting them, we play a part in contributing to the domestic economy.

Why We Invest Locally?

More Revenue

Local sourcing does not just help save money; it can also help us generate more of it. That is because companies in our region may be impressed by our efforts to keep a tight and fast-paced supply chain, which can help us attract new customers.

Good for the Community

It stands to reason that if sourcing locally increases our bottom line, it would do the same for other suppliers in our area, which can be a big boon to your local economy and the people who live there.

Happy, well-paid employees are more likely to invest in local business. Additionally, respected and well-off businesses are in a position to contribute to communities through fundraising, volunteering, benefits and sponsored activities.

It Helps the Enviroment

Localising our supply chain repesents a tremendous oppourtunity to help the environment. When we reduce shipping and storage, we also reduce emissions and energy usage. Local sourcing is good for our business, community, friends, neighbours and even the planet.

More Flexibility

Local suppliers are typically more reactive than suppliers who are farther away. They are able to deliver products quicker, and it is much easier for a supplier to coordinate a shipment across the neighbourhood than around the world.

Greater Control

Face-to-face visits will allow us to address any concerns and ensure all products meet our standards. There is also less chance of things being "lost in translation", which often occurs when working with far-flung teams of people, many of whom are not actually on the floor and touching our products.

Reduced Supply Chain Costs

In tightening our budget, we should consider tightening our supply chain as well. The amount of money companies spend on logistics every year is staggering.

Awards and Recognition

Encorp attracts and retains top talents to ensure excellent products and service delivery. Our employees are the people who lead Encorp's mission of delivering results for our clients and contribute to the Company in gaining various recognitions.

On 12 October 2018, we were honoured to receive the Human Resource Asia Best Companies to Work for in Asia 2018 Award by HR Asia. This event handpicks world class corporations with outstanding employee engagement and excellent workplace cultures.

In addition, on 16 November 2018, we were awarded the Silver Medal Award for Employer of Choice (Private Sector) in the Malaysia Human Resources Awards. The award is a national event with an international status and global recognition, organised by Malaysian Institute of Human Resource Management (MIHRM).





MONITORING OUR ENVIRONMENTAL FOOTPRINT

Encorp is dedicated to sustainable development and cognisant that the Company's long-term business success depends upon our stewardship of the environment. We ensure sustainability by adopting eco-friendly and energy saving technology into our retail and residential developments.

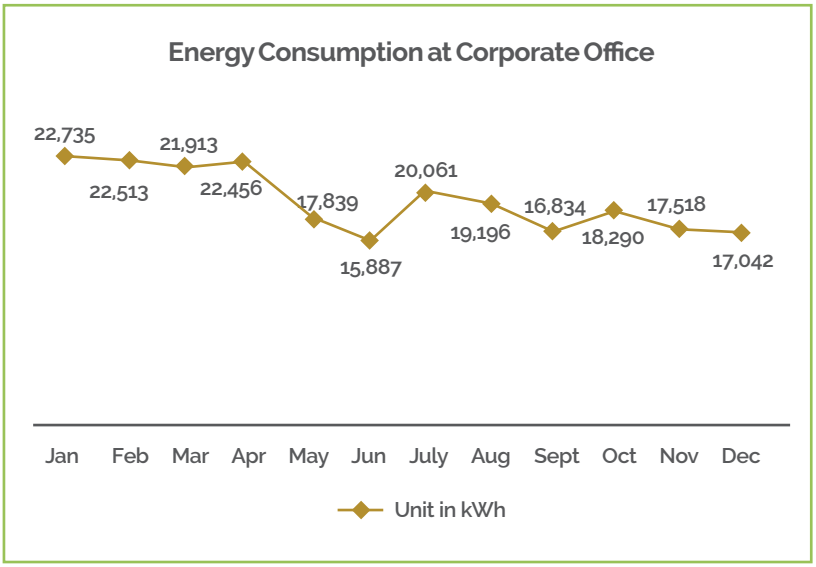


Energy Efficiency

In our efforts to minimise energy consumption, the lights and air-conditioning at the corporate office are switched off when not in use. In addition, the security guard patrols the office areas to ensure all electrical appliances are switched off after working hours.

In FY2018, to conserve electricity consumption, we optimised the space used for our employees' workstations whilst providing sufficient room to ensure a comfortable workplace environment.

Our total energy consumption was 232,285kWh for FY2018 and the graph below illustrates the energy consumption on a monthly basis. The initiative which was completed in May has reduced our electricity consumption and this evident in the consumption pattern for the months of May, June, September, November and December.



In promoting sustainability to our stakeholders, we incorporated green design features into our projects. This is exhibited in our Strand Mall where the car parks at level 3 to 7 are equipped with energy saving lights.

Effluents and Waste

Construction sites generate huge amounts of solid waste. The solid waste needs to be identified and monitored in order to ensure minimal environmental and health risks from our business operations. We have classified our different types of waste and ensured their proper disposal based on prevailing regulations by licensed contractors at approved landfills and disposal sites.

Source of waste	Types of Waste
Corporate Office	General waste; paper
Project Sites	**Pre-construction Phase:** • Trees of various girth, shrubs, and bushes **Construction Phase:** • Construction debris, concrete pile and structure, concrete slab

In managing our corporate office waste, we issued a circular to employees to implement initiatives in moving towards a paperless environment and to encourage them to use less paper. We have ensured that most of our day-to-day tasks are converted into electronic based platforms such as the use of an IT server as a platform for file sharing. Our printers have been set to automatically print documents on double sided paper and we minimse the use of colour printing.

In FY2018, we encountered illegal dumping of construction debris by third parties within our Encorp Cahaya Alam project site. As a preventive measure, we installed a boom gate at the entrance of the Encorp Cahaya Alam project site to prohibit any unauthorised access by third parties. Since then, there has not been any incident of illegal dumping at construction site.

Compliance to Environmental Regulations

We take compliance seriously and ensure compliance to all relevant rules and legislations. We adhere to the Environmental Quality Act 1974 (Amendment) 1996 and its subsequent Regulations and Orders.

Recently, a Stop Work Order was issued on 25 September 2018 by Majlis Bandaraya Shah Alam for our Encorp Cahaya Alam project as part of the local authority's anti-dengue measures. We resolved this issue by taking the following actions;

- Discontinued construction activities momentarily to allow for housekeeping activities to destroy breeding areas for the Aedes mosquito;
- Undertake fogging/pest control activities;
- Providing awareness training to our employees during toolbox sessions every morning; and
- Strict monitoring by the site's Safety and Health Officer (SHO).

Environmental Monitoring
In ensuring proper environmental, health and safety (EHS) monitoring at every project site, our Safety, Health and Environment Officer conducts daily machinery inspections, weekly and monthly environment related inspections.

Encorp Marina Puteri Harbour
Our environmental stewardship involves a surveillance programme to monitor for the marine water quality. This helps us in verifying the impact of our business operations on water quality. The analysis of water quality is conducted by Skim Akreditasi Makmal Malaysia (SAMM), an accredited laboratory.

SAFE WORKPLACE

Encorp is fully committed in ensuring health and safety of all of our employees and contractors at every project site. This is reflected in our surveillances of safety compliances at all project sites, administrative offices and operations.

We aim to create an accident free environment and prevent workplace injuries by creating awareness to improve our employees' knowledge about safety and emergency measures.

Encorp Berhad Safety Statement

Encorp is committed to the practice of inspiring confidence by ensuring the health, safety and wellbeing of its employees and the protection of the environment.

To achieve this goal, Encorp believes in embedding the principles and policies of Safety, Health and Environment in all our employees and those involved in our daily activities, with a particular focus on leadership by top management.

In this regard, Encorp complies with the provisions of the Occupational Safety and Health Act 1994, its regulations and all approved codes of practice. It does so by:

- Ensuring awareness, accountability, commitment and cooperation among all heads of department and other top management with respect to Occupational Safety and Health and its impact on the performance of the company and employees.
- Identifying any and all hazards in the workplace, whether at the office or at construction sites, assessing and controlling risks to provide a safer working environment for employees and those involved in our activities.
- Periodically reviewing policies, procedures, documentation and training content to ensure effectiveness and to keep up to date with current laws and regulations.
- Setting OSHE targets and objectives and ensuring that these targets are monitored.

Encorp Berhad will continue striving towards achieving the highest standards in Occupational Safety, Health and Environment through training, commitment, support and supervision to ensure a safe and healthy working environment.

Our Safety Performance

In FY2018, we recorded zero fatalities within the Company.

Type of Stakeholder	Gender	Minor Injuries	Major Injuries	Fatalities	Loss Time Injury
Employees	Male	0	0	0	0
	Female	0	0	0	0

Occupational Health and Safety

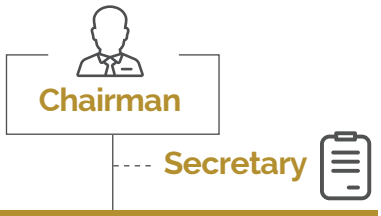
The construction industry is frequently associated with dangerous working environments where employees are exposed to potential health and safety threats while working. An accident at a construction site can result in a minor injury to a lifelong physical impairment, or even death. Therefore, safeguarding our employees' health and safety is of utmost importance for the Company.

In Occupational Safety, Health and Environmental, we are committed;

- Protecting the safety and health of all employees and others who related to our business operations;
- Preventing work-related fatalities, disabilities, injuries, ill health, diseases, property damage, environmental damage, near misses; and
- Complying with relevant OSHE national laws, regulations and other legal requirements.

Our robust Occupational, Health, Safety and Environment (OHSE) committee is led by our Management and supported by a secretary and representatives of employers and employees.

The chart below illustrates our OSHE committee structure:



Employer's and Employee's Representatives
1. Facilities Management
2. Property
3. Mall Management
4. Procurement & Contacts Administration
5. Finance
6. Information Technology & Administration Services
7. Human Resources
8. Corporate Affairs & Investor Relations
9. Risk & Governances
10. Legal & Company Secretarial
11. Sales & Marketing
12. Projects & Business Development

We provide safety and health awareness briefings during the employee induction and orientation programmes for our newly joined employees. In October 2018, we collaborated with the Fire Rescue Department (Bomba) to conduct an Emergency Response Team (ERT) training and fire drills to enhance our employees' response time during emergencies.

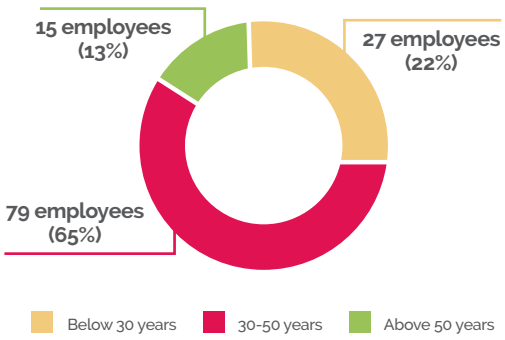




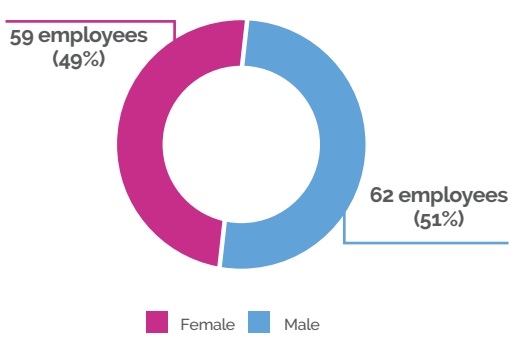
Diversity and Equal Opportunity

The Company values gender equality and diversity, as we believe a successful business is represented by healthy and balanced diversity. The charts below show the age and gender distribution at Encorp. We have an experienced team with majority of 65% aged between 30 to 50 years, followed by 22% aged group below 30 and the least with 13% aged above 50 years old age group. We are proud to present that our gender distribution comprised of 49% female and 51% male, which is equally distributed.

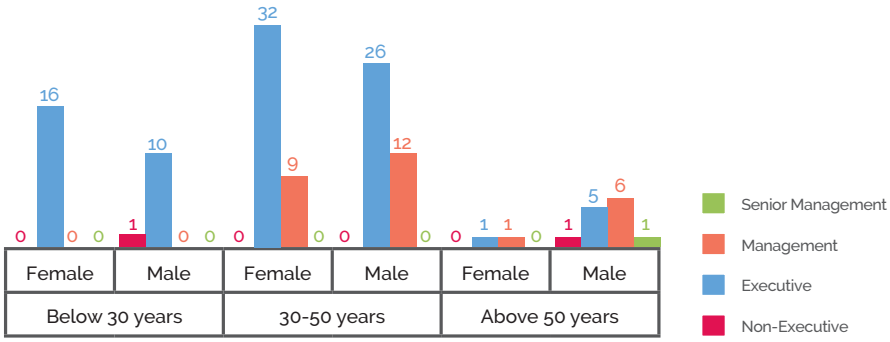
AGE DISTRIBUTION



GENDER DISTRIBUTION



EMPLOYEE DISTRIBUTION



At Encorp, the Company believes in empowering women, we are able to elevate the Company to a greater height. Therefore we organise multiple events in 2018 specially crafted for our female employees.

- Encorp International Women's Day Celebration
  The celebrations to support the professional development of female employees.

- Flexible Working Hours
  We provide flexible working hours to the women in our workforce to help them in juggling work, family and life-related matters. The flexible working hours of our female employees has increased flexibility with their work schedule while allowing them to maintain a progressive and productive work environment.

- Be Hot & Gorgeous!
  This programme is designed for our female employees to learn about how to dress properly, the do's and don'ts using makeup, and to build self-esteem and self-confidence.

Employee Benefits

Our people are our greatest asset and we strive to constantly engage with our employees and to embed a sense of belonging in workplace. At Encorp, we conduct an employee satisfaction survey at the end of every year to obtain our employees' feedback of Encorp and to ensure better communication including perception and expectations, as well as strengths, weaknesses and areas for improvement. We value our employees' feedback as it allows us to improve our management and business practices.

Two surveys were conducted in FY2018; an employee satisfaction survey and inter-departmental service survey. The employee satisfaction survey covered job satisfaction, provision of tools, technologies and resources in order to conduct daily work, training adequacy and utilisation of skills and abilities. On the other hand, our inter-departmental service survey which showed participation from 122 employees from various operating units (property, mall management, facilities management, legal & company secretarial, finance, risk governance, corporate affairs & investor relations, human resource, procurement & contract administration, information technology & administration services, sales and marketing and projects & business development) covered the topics of communication, commitment and integrity. All feedback was anonymous. In general, the results showed that our service level ranged from 70% to 90% which fell under the category of "Good".

We offer numerous incentives to our employees such as leave which includes medical and hospitalisation, compassionate leave in case of death of immediate family members, prolonged illness leave, paternity leave, marriage leave, pilgrimage leave, examination leave and replacement leave.

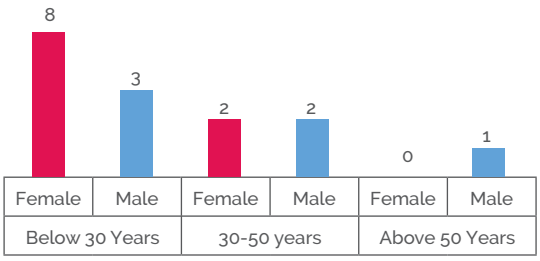
In addition, we provide flexi-time working hours, travelling expenses, insurance, car, hand phone, site laundry, shift duty, overtime, housing and relocation allowances.

For property purchases, our employees are eligible to an employee discount for purchasing Company's properties as well as a sales commission.

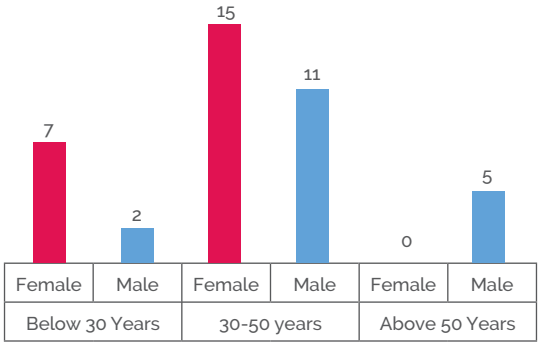
New Employee Hires and Employee Turnover

New employee hires and employee turnover from 1 January 2018 to 31 December 2018 are shown in the graphs below, with our employee turnover rate of 28%.

New Employee Hires



Employee Turnover



Training and Development

Our employees are an integral part of Encorp and we are committed to their growth and career development. We strengthen our employees' capabilities by providing both internal and external trainings.

At Encorp, our training programmes aim to develop our employees' interpersonal skills to enhance communication, business writing and critical thinking. In addition, we also provide training on computer literacy to develop and support technology enhancement. All our employees have a requirement to fulfil 40 hours of training per year. However, the training topic selected must be in line with our business goals and objectives.

For FY2018, a total 60 internal trainings were attended by employees. Example of internal trainings attended include:

Internal Trainings:

1. 2018 New Hires Orientation (serial 1-8)
2. Effective Communication & Interpersonal Skills
3. Mastering Microsoft Outlook
4. ISO 9001 : 2015 Foundation
5. ISO 9001 : 2015 Internal Auditor
6. Business Writing Skills
7. Critical Thinking and Problem Solving
8. Fire Drill
9. Microsoft Power Point
10. IT Briefing : Exchange Online 365
11. Microsoft Office 365
12. Performance Appraisal 2018 Briefing

In line with the company's human development and excellence goals, a total of 72 external training programmes were attended by employees. Example of external trainings attended include:

1. Systematic Office Administration For Construction Company
2. Seminar Meningkatkan Produktiviti Dalam Sektor Pembinaan Melalui Industrialised Building System (IBS)
3. Managing People Using Phsychology and NLP Methods
4. MFRS 15 Seminar - Revenue from contracts with customers
5. Latest Development in MFRS / IFRS and IC Int (IC)
6. Breach of Contract of Employment
7. Some Pitfalls in the Conduct of Domestic Inquiry
8. Section 114g of The Evidence Act - Meaning and Implications
9. Briefing on Termination / Dismissal Letter
10. Feasibility Studies on Development Land
11. What Makes a Development Feasible?
12. Malay Reservation Land Issues
13. Executive Master class - New Land Acquisition
14. LHDN-MEF Seminar 2018 : Sharing The Nation's Prosperity
15. Exosphere 2018 Conference : Empowering Digital Transformation with Next Gen Cyber security
16. Konvensyen Integriti PKNS Kali Ke-5
17. Construction Seminar 2018
18. Asian Legal Business Malaysia 2018
19. Dealing in Listed Securities, Closed Period & Insider Training
20. Policing To Consulting Workshop for Chief Internal Auditor
21. Fund My Home Public Forum
22. Market Insight Forum 2018
23. Kursus Refresher Kepada Pegawai Penilai QLASSIC

For this reporting year, we have also provided talks for our employees covering inter personal skills and self-enrichment knowledge. The categories included personal finances, grooming, health awareness, information technology and safety. Below is the list of talks conducted in FY2018.

Topic
Security Awareness, How To Use First Aid Tools, Amanah Saham Bumiputera Saving Plan, Let's Ask The Doctor! Advances in Neuro & Spine Surgery (Stroke & Migraine), Employment Insurance System (EIS), Taklimat Fiqh Zakat and Corporate Package by Bank Islam.

Designation	Average Training Hours
Management	54.44
Executive	58.91
Non-executive	42
Male Employees	54.44
Female Employees	59.03

ENRICHING OUR COMMUNITY

We are aware of the synergy between our business operations and the environment, and the local society where we operate. Therefore, we are pleased to give back to our communities and promote corporate social responsibility (CSR). We will keep striving to contribute to the development of our society. At Encorp, we play an active role in CSR programmes organised for our internal community which is our employees and external community which is our local community.

Employee Engagement

The following are highlights of our employee engagement activities in FY2018:

Event	Date	Category	Description
Futsal with Encorp Family Members	Monthly	Sports	To encourage healthy living through sports, in particular Futsal.
Badminton Session	1st quarter 2018	Sports	To encourage healthy living through sports, in particular Badminton.
Gym - Let's Groove Classes	Monthly	Sports	To have a balanced lifestyle with healthy activity.
Battle of The Voice - Go On, Express Yourself	Monthly	Motivational Booster	For employees to get to know each other and build strong relationships.
Chinese New Year Lunch Treat	1st quarter 2018	Corporate /Festive Engagement	A tradition of organising CNY treats for all employees.
Iftar with Chairman & Board Members	2nd quarter 2018	Corporate /Festive Engagement	Iftar treat as part of an employee engagement activity during the month of Ramadhan and to foster closer relationships.
Duit Raya Distribution	3rd quarter 2018	Corporate /Festive Engagement	This event is an effort to foster closer relationships.
PPK Futsal Tournament	3rd quarter 2018	Sports	Encorp participated in a futsal tournament organised by the Malaysia Shopping Malls Association (PPK).

Event	Date	Category	Description
Motivation Booster: Fruitilicious!	3rd quarter 2018	Motivational booster	Motivation booster campaign "The Power of Fruits for a Better Health", to boost employee motivation.
Malaysia Day Celebration	3rd quarter 2018	Corporate /Festive Engagement	An inter-department collage competition for Merdeka Day Celebration and to foster patriotism among employees.
Encorp Football Tournament "QFS vs EB"	4th quarter 2018	Sports	To encourage the Encorp employees to play football.
Bowling Tournament	4th quarter 2018	Sports	An annual bowling tournament to foster closer relationships among our employees.
Deepavali - Lunch Treat	4th quarter 2018	Corporate /Festive Engagement	The festival of lights, gathering all employees for a lunch session.
Annual Employee Get Together 2018	4th quarter 2018	Employee Engagement	To value our employees, boost company morale, promote creativity and build stronger relationships.
Christmas - Festival Gift	4th quarter 2018	Corporate /Festive Engagement	This event was part of efforts to foster closer relationships.



Malaysia Day Celebration



Christmas - Festival Gift



Motivation Booster: Fruitilicious!



Annual Employee Get Together 2018

Local Community Engagement

While our internal CSR involved the celebration of festivals, annual activities, sports and motivational boosters, we did not neglect our commitment to our local community and those less fortunate. In FY2018, we collectively donated about 719 hours of service from 121 employees, an average of 5.9 hours per employee, to our local communities. The activities organised are highlighted below.

- **Blood Donation, Strand Mall**
  (23 February 2018, 10am - 4pm)
  In collaboration with Strand Mall and National Blood Centre Malaysia, Encorp organised a Blood Donation drive at Strand Mall, Kota Damansara. The event, is open to the public with the aim of creating awareness and increasing the number of blood donors among Malaysians. Over 50 Encorp blood donors took part as an act of kindness to help those in need regardless of ethnic background or cultural beliefs. This has also helped to increase the blood supply in the country's blood bank.



- **Awareness Campaign with the Community of Encorp Cahaya Alam**
  (22 September 2018, 8am - 2pm)
  Encorp organised an awareness programme with the Resident Association and community of Encorp Cahaya Alam, Shah Alam with the collaboration of the Authorities by setting up a booth for Selangor Health Department, Royal Malaysia Police (IPD Shah Alam) and Shah Alam City Council (MBSA) as part of the process to increase the community's public awareness on the general health, safety and welfare.



- **EduTrain with the Firefighters**
  (27 October 2018, 9am - 12pm)
  Encorp's CSR Volunteers created a day in a life of a fire fighter for the children of Rumah Perlindungan Anak-Anak Yatim, Al-Nasuha, Batu Caves at Sungai Buloh, Fire 7 Rescue Station. It is the home's first experience of such an event, and was filled with fun activities, being educated about fire safety, able to meet the brave fire fighters in the community, exposure to ride on a fire truck and operate a charged fire hose.



- **A Night with the Homeless**
  (7 December 2018, 5pm - 10pm)
  Encorp hosted a programme in aid of the homeless at Pusat Transit Gelandangan Kuala Lumpur (the Kuala Lumpur Homeless Transit Centre). This activity is the third collaboration with Yayasan Kebajikan Negara (YKN). The event provided two food trucks which offered a range of Asian and Western cuisines, free trendy haircut by Joe's Barber Shop and a birthday celebration for all. The programme was graced by the presence of YBhg Datin Paduka Che Asmah Ibrahim, Chief Executive Officer of YKN.



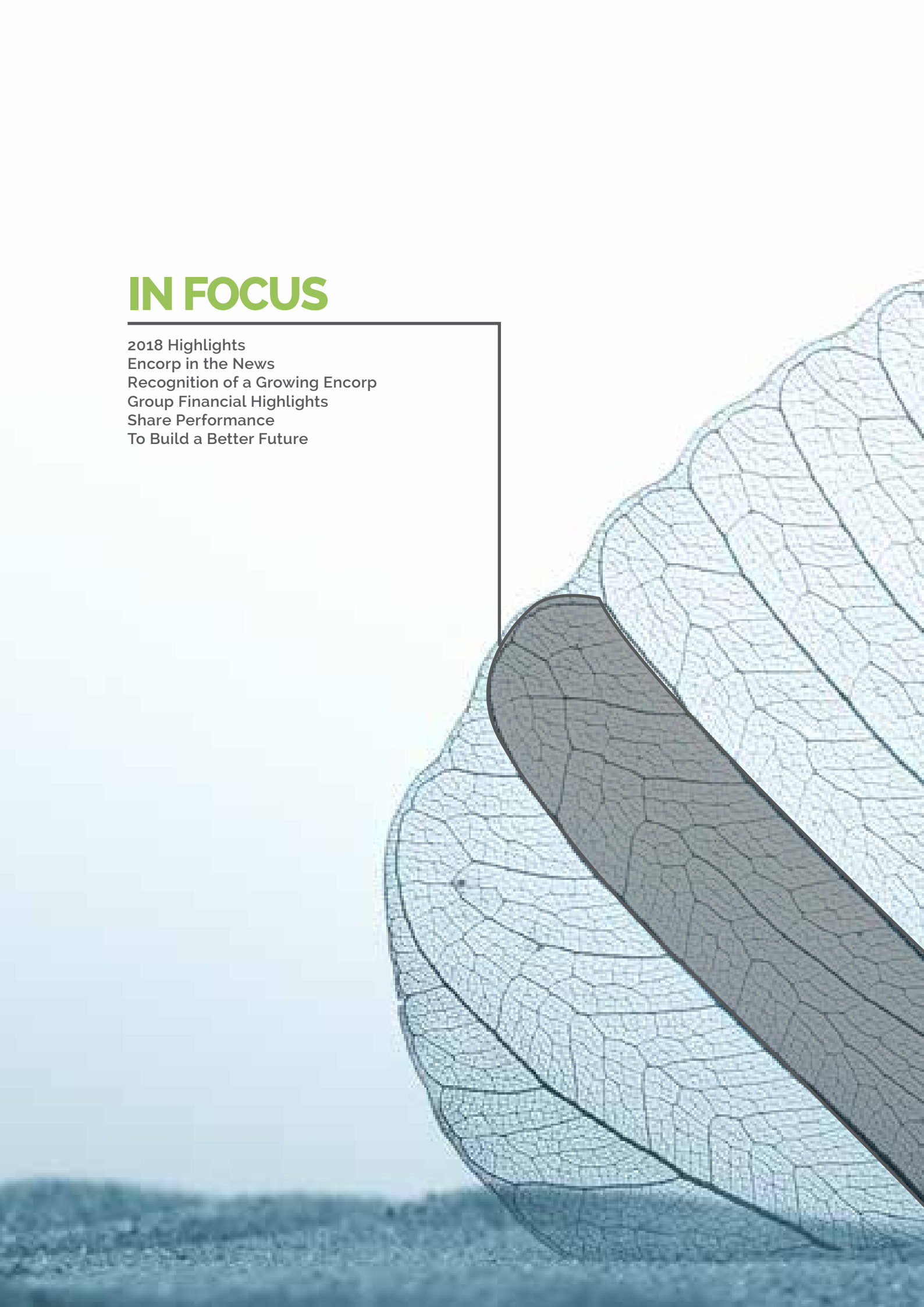
CONCLUSION

Moving forward, we aim to focus more on improving the economy, environmental and social impacts and opportunities that arise from our business operations. In addition, we aim to magnify our initiatives in incorporating sustainable development practices into all of our projects. And lastly, we will continue to contribute to the well-being of our employees and local communities.



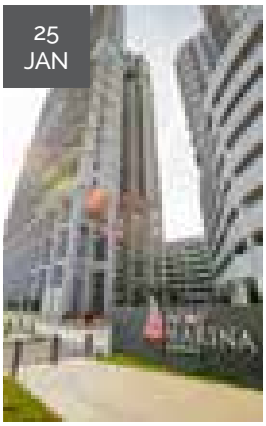
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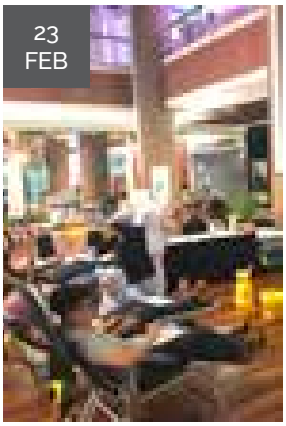
2018 Highlights
Encorp in the News
Recognition of a Growing Encorp
Group Financial Highlights
Share Performance
To Build a Better Future

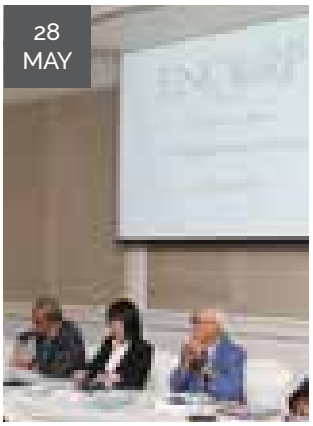




2018 HIGHLIGHTS













25 January 2018
Corporate

Vacant Possession for 571 residential units and 25 commerical units of Encorp Marina Puteri Harbour

23 February 2018
Corporate Social Responsibility

Blood Donation, Strand Mall: A programme to create awareness and to increase the number of blood donors among Malaysians

28 May 2018
Corporate

Encorp 18th Annual General Meeting

4 June 2018
Corporate

Majlis Iftar with Encorp Berhad

9 July 2018
Corporate

Jamuan Aidilfitri with Encorp Berhad

22 September 2018
Corporate Social Responsibility

Muhibbah Encorp Cahaya Alam: A programme to foster a closer relationship with Encorp Cahaya Alam's Community and Residents' Association











12 October 2018
Corporate

Winner of Human Resources Asia Best Companies to Work for in Asia 2018 at the HR Asia Awards

31 October 2018
Corporate

Encorp Strand Residences First Annual General Meeting

16 November 2018
Corporate

Silver Winner in the Category of Employer of Choice (Private Sector) at the 18th Malaysia-International HR Awards 2018

27 November 2018
Corporate Social Responsibility

EduTrain With The Firefighters: A programme with underprivileged children from Rumah Perlindungan Nasuha, Batu Caves to experience a day as a fireman

7 December 2018
Corporate Social Responsibility

BBQ Night With The Homeless: A programme with the homeless at Pusat Transit Gelandangan Kuala Lumpur

ENCORP IN THE NEWS




南洋
Encorp hopes to swing back to black
HR Asia Announces Malaysia's Best Companies to Work for in Asia

RECOGNITION OF A GROWING ENCORP



2018

Winner of HR Asia: Best Companies to Work for in Asia Awards 2018

Winner of Employer of Choice Award (Silver) Private Sector, Malaysia International HR Awards 2018

2017

Winner of Best Investor Relations Company, 7th Asian Excellence Recognition Awards 2017

Winner of HR Asia: Best Companies to Work for in Asia Awards 2017

Winner of Employer of Choice Award (Silver), Malaysia HR Awards 2017

Winner of Property Development (CSR), Malaysia Social Media Week Awards 2017

Winner of Property Development, Selangor Business Excellence Awards 2017

2016

Winner of Jury for Strand Mall, Universal Design Award 2016

Finalist Winner of Best Mixed Development for Encorp Strand, IProperty.com People's Choice Awards 2016



2015

Winner of Construction Industry Development Board's Qlassic Award

- Best Quality Assessment System in Construction (Qlassic) Achievement - Encorp Cahaya Alam Frangipani Phase 1
- High Quality Assessment System in Construction (Qlassic) Achievement - Encorp Cahaya Alam Frangipani Phase 1 & 2

National Record Holder for Human Achievement of Most Variety of Breakfast Dishes Served in a Single Event, Malaysia Book of Records 2015

Winner of Malaysia HR Awards 2015

- Employer of Choice Award (Silver)
- HR Leader of the Year Award (Bronze)

2014

Winner of Best Investor Relations Company, 4th Asian Excellence Recognition Awards 2014

Winner of 5 Star Best Retail Architecture [Malaysia] - Strand Mall, Asia Pacific Property Awards 2014-2015

Winner of HR Asia: Best Companies to Work for in Asia Awards 2014

Winner of Excellence Employee Development (Gold), Human Resources Excellence Awards Malaysia 2014

Winner of Employer of Choice Award (Silver), Malaysia HR Awards 2014

GROUP FINANCIAL HIGHLIGHTS

OPERATING RESULTS	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Revenue	259,959	242,818	334,172	209,885 N1	330,385
Profit/(Loss) before tax	8,931	(37,097)	34,533	25,485 N1	25,299
Profit/(Loss) after tax	(4,028)	(39,074)	22,550	12,074 N1	13,940
Profit/(Loss) attributable to owners of the parent	(2,294)	(34,610)	22,883	7,784 N1	10,526

FINANCIAL RATIOS	2018	2017	2016	2015	2014
Profit before tax margin (%)	3.4%	Note 2	10.3%	12.1% N1	7.7%
Basic (loss)/earnings per share (sen)	(0.78)	(12.23)	8.21	2.79 N1	4.20
Closing share price as at end of period (RM)	0.43	0.66	0.62	0.80	1.05
Price-earning ratio (times)	(0.54)	(0.05)	0.08	0.29 N1	0.25
Return on capital employed (ROCE)	0.06	0.04	0.08	0.09 N1	0.09
Return on equity (ROE) N3	(0.01)	(0.09)	0.05	0.02 N1	0.03
Net gearing ratio (%) N4	57%	56%	58%	39%	39%
Net assets per share (sen) N3	1.34	1.34	1.49	1.42	1.38
Shares ('000)	293,952	293,952	278,648	278,645	278,645

N1 The financial year results excludes the result from the discontinued operations.

N2 There is no margin available due to the loss position for that year.

N3 The results is attributable to owners of the parent.

N4 The net gearing ratio is calculated using the loans and borrowing amount plus trade payables however excluding the Sukuk Murabahah, cash and bank balances, fixed deposits and investment securities. The Sukuk Murabahah has been excluded as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk do not have any financial recourse to the Group.

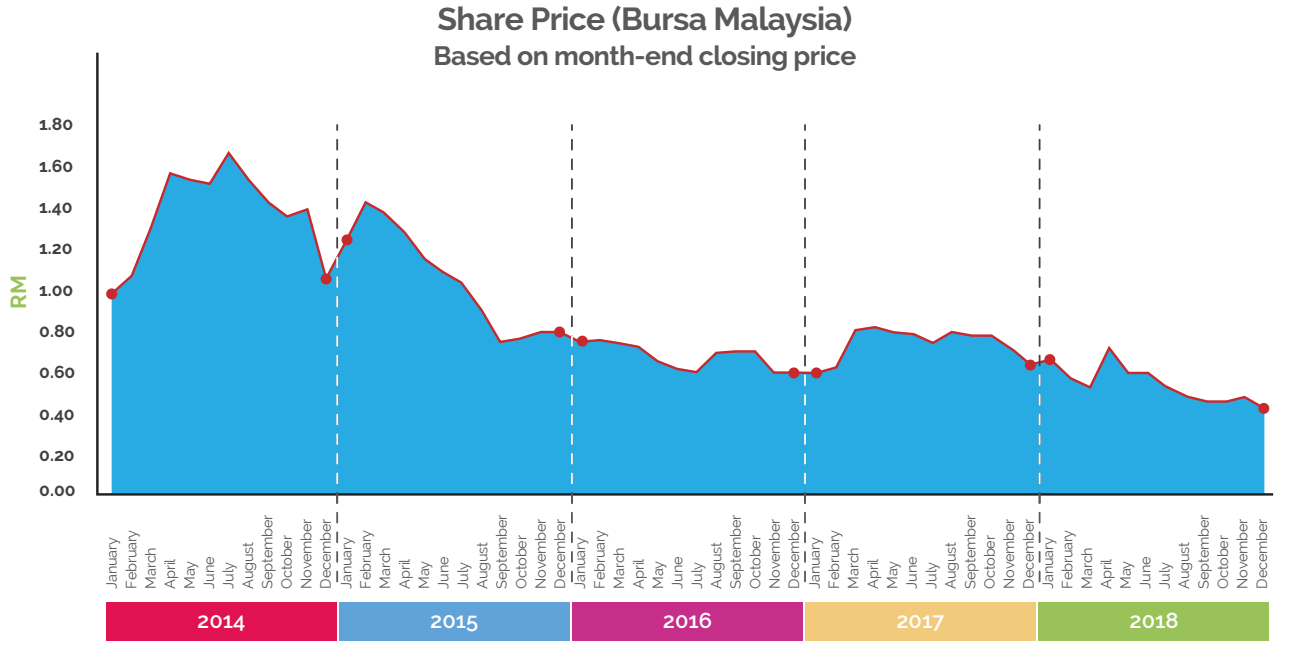
N5 Includes property development cost

KEY BALANCE SHEET DATA	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	5,623	6,258	6,878	7,536	22,846
Investment properties	303,620	314,740	325,130	324,860	343,749
Land held for property development	478,744	385,469	293,836	93,028	68,259
Trade and other receivables	906,193	906,851	1,001,179	1,012,666	1,090,665
Inventories[N5]	156,877	262,127	342,507	143,084	134,936
Cash & bank balance and Investment Security	179,858	145,761	180,967	127,651	156,347
Other assets	55,162	115,895	72,269	151,899	145,109
Assets of disposal group classified as held for sale	100	97	23,087	28,224	-
Total Assets	**2,086,177**	**2,137,198**	**2,245,853**	**1,888,948**	**1,961,911**
Loans and borrowings	136,571	122,940	213,823	243,602	248,329
Sukuk Murabahah	841,275	895,984	944,841	987,275	1,028,660
Trade and other payables	567,306	532,349	543,711	153,327	176,633
Other liabilities	62,910	105,933	35,255	17,995	36,766
Liabilities of disposal group classified as held for sale	950	945	934	1,251	-
Total Liabilities	**1,609,012**	**1,658,151**	**1,738,564**	**1,403,450**	**1,490,388**
Total Equity	477,165	479,047	507,289	485,498	471,523
Non-controlling interest	84,611	86,345	90,809	91,142	87,006
Shareholders' equity	392,554	392,702	416,480	394,356	384,517

SHARE PERFORMANCE

Stock Exchange	Company Trading Name	Stock Code
Bursa Malaysia Securities Berhad	Encorp Berhad	6076

During the year	2014	2015	2016	2017	2018
Highest (RM)	1.88	1.52	0.90	0.92	0.83
Lowest (RM)	0.92	0.72	0.57	0.57	0.35



TO BUILD A BETTER FUTURE

Encorp Berhad (Encorp or the Group) is focused on driving through our Turnaround Journey which is aligned with our Transformation Roadmap towards becoming one of the premier property developers in the country. Despite the macroeconomic and sectoral challenges that we faced in 2018, we have embarked on our plan towards turning the corner and making the leap we must take to actualise our ambition to be a great company.

In line with our 2018 Annual Report theme, To Build A Better Future, Encorp has remained on course with our mission to make a real difference in the lives of our customers, investors and employees. For our customers, we have geared up on efforts to enhance our customer service throughout various touch points and to demonstrate through our actions on the ground, the strength of our delivery commitments to the marketplace.

Our commitment to provide our investors with valuable returns on their investments is bearing fruit, through the Turnaround Journey we conceptualised and started on in 2018, to enhance our operational efficiencies and optimise costs. This has resulted in the Group strengthening its business resilience, despite the economic and sectoral headwinds faced during the year.

We recognise the value our employees add to our organisational brand strength and marketplace recognition, and our efforts in 2018 have focused on contributing towards their personal and career development through a conducive workplace which offers them talent development opportunities and work benefits reflecting their career and personal needs and goals.

Throughout the Group, our Transformation Roadmap remains focused on providing the highest Quality, Standards, Value and Service by offering innovative products and services. We will explore collaborative synergies to achieve our transformation objective.

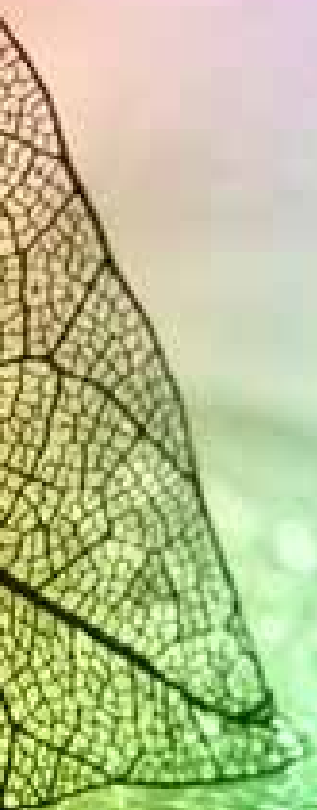
Our focus on building a better future also extends to our communities, through the Economic, Environmental and Social sustainability efforts we have in place. We provide an account of our sustainability commitments in our Sustainability Statement, which has been prepared in accordance with Bursa Malaysia's Main Market Listing Requirements. In it we share our sustainability initiatives and outcomes throughout all areas of our operations, focusing on matters which are pertinent to our stakeholders.

As we continue to progress with our Transformation Roadmap and Turnaround Journey, we reaffirm our commitment to a better future for all our stakeholders, in line with our aim to deliver unbeatable Quality, Standards, Value and Service, in ways that positively impact their lives.



CORPORATE GOVERNANCE

Corporate Governance Overview Statement
Additional Compliance Information
Audit and Risk Committee Report
Statement on Risk Management & Internal Control
Statement of Directors' Responsibility



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") reaffirms its commitment to and supports the best practices of the Malaysian Code on Corporate Governance ("the Code") which sets out broad principles, intended outcome and guidance to promote and cultivate a strong culture of good corporate governance for listed companies.

The Board strives to ensure that the highest standards of corporate governance are practiced to protect and enhance shareholders' value.

During the financial year ended 31 December 2018, the Board continued to adhere to the principles and recommendations of the Code. The Board is pleased to report to the shareholders on how the Company has applied each Practice as set out in the Code in the Corporate Governance Overview Statement below, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each Practice set out in the Code during the financial year ended 31 December 2018, please refer to the Corporate Governance Report 2018 on the Company's website at www.encorp.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

In line with the Code, the Board has adopted a Board Charter which was last reviewed on 26 February 2019. The Board Charter primarily sets out the Board's strategic intent and outlines the Board's roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct. The Board Charter aims to promote highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded.

The Board had on 26 November 2015 adopted and implemented a Code of Ethics and Conduct to promote the corporate culture which engenders ethical conduct that permeates throughout the Group. The conduct of the Directors, management and employees of the Group are governed by the Code of Ethics and Conduct which provides clear direction on conduct of business and general workplace behavior. It includes, amongst others, guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies. The Directors, management and employees are expected to behave ethically and professionally at all times and protect the reputation of the Company. The Group communicates its Code of Ethics and Conduct to all Directors, management and employees.

More information on the Board Charter and the Code of Ethics and Conduct can be found on the Company's website at www.encorp.com.my.

The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- Reviewing, approving and monitoring the implementation of business plan and overall strategic directions;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and ensures that measures are in place against which Management's performance can be assessed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- Succession planning, includes appointment, training, fixing compensation of and where appropriate, replacing key management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility.

Board Balance

During the financial year ended 31 December 2018, the role of the Chairman and the Group Chief Executive Officer ("GCEO") are distinct and separate to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The GCEO has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GCEO is also responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

The GCEO resigned on 23 February 2018 and the Executive Committee ("EXCO") takes care of the business continuity of Encorp Group in the absence of key management personnel. The EXCO acts as a conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. Currently, the EXCO consists of three (3) members as set out on page 31. The Chairman of the Board is also chairing the EXCO, however, he and other EXCO members have not been accorded with employment salaries and do not involve in the business and day-to-day management of the Company. Any decisions by EXCO shall be made by majority EXCO members present prior to the recommendation to the Board and the Chairman of EXCO does not have casting vote.

Role of Company Secretary

The Board is supported by a suitably qualified and competent company secretary that has legal qualifications, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance of the Company. In this respect, Company Secretary plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation for the affairs of the Board.

Company Secretary has attended trainings and seminars conducted by the Companies Commission of Malaysia and Bursa Malaysia Securities Berhad ("Bursa Securities") to keep abreast with the relevant updates on statutory and regulatory requirements such as updates on the Main Market Listing Requirements of Bursa Securities, compliance with the Capital Markets and Services Act 2007, Companies Act 2016 and to ensure the Company's adherence to the Code. Therefore, the Board is regularly updated and advised by the Company Secretary on new statutory and regulatory requirements.

Board meetings

To ensure that Directors can plan ahead, Board Meetings are scheduled in advance at the beginning of each year. Special Board Meeting is convened as and when necessary for the Board to deliberate on matters that require expeditious decisions.

During the financial year under review, ten (10) Board meetings were held. The summary of attendance of the Board is as follows:

Name of Director	No. of Meetings Attended
Hussein bin Ismail	10/10
Datuk Muzzammil bin Mohd Nor	9/10
Datuk Haji Jaafar bin Abu Bakar	10/10
Abdul Rahim bin Abdul Hamid	9/10
Dato' Feroz bin A S Moidunny (resigned on 19.11.2018)	7/8
Datuk Syed Zaid bin Syed Jaffar Albar (appointed on 8.3.2018) (resigned on 18.7.2018)	3/3
Dato' Haji Zakaria bin Nordin (resigned on 23.2.2018)	2/3

II. Board Composition

The Company is managed and led by Board members from diverse professional backgrounds with relevant experiences and expertise in financial, business and other fields.

Practice 4.1 of the Code states that at least half (1/2) of the Board should comprise Independent Directors. As at 31 December 2018, there were four (4) members of the Board, comprising one (1) Non-Independent Non-Executive Chairman, two (2) Independent Directors and one (1) Non-Independent Non-Executive Director and hence is in compliance with Practice 4.1.

This composition also complies with the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent directors.

The Board implemented an evaluation process, for assessing the effectiveness and competencies of the Board as a whole. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were tabled to the Board for review and notation. The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied with the Board composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

Board Independence

The Board has developed the criteria to assess the independence of the independent directors on an annual basis. When assessing independence, the Board is encouraged to focus beyond the independent director's background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to Board deliberations.

Practice 4.2 of the Code states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the annual shareholders' approval. If the Board continues to retain the independent directors after the twelfth (12th) year, the Board should seek shareholders' approval through a two-tier voting process as outlined in the Code.

The Nominating and Remuneration Committee had performed an annual review on the independence of the Independent Directors. At present, there are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company.

The Board has undertaken an assessment of all the two (2) Independent Directors as per the criteria defined under the Listing Requirements and other independence criteria applied by the Company which took into account the individual Director's independence of management and free from any business or other relationship which could interfere with the exercise of independent and objective judgment, and his ability to advise the Board on matters relating to transaction where conflict of interest may exist. Based on the assessment done, the Board concluded that each of the Independent Directors continues to demonstrate behaviour that reflect their independence.

Appointment of Directors

When appointing a Director, the Nominating and Remuneration Committee and the Board will consider the background, experience, skill, competency, knowledge and potential contribution of the candidate, whilst the Practice 4.5 of the Code will also be given due consideration for boardroom diversity. The Nominating and Remuneration Committee considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Nominating and Remuneration Committee recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the Nominating and Remuneration Committee and determines the appointments to be made.

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's matters before accepting his appointment to the Board. Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. In compliance with Paragraph 15.06(1) of the Listing Requirements, all Directors of Encorp do not hold more than five (5) directorships of listed issuer at any one time.

The Board recognizes the challenges in achieving the right balance of diversity on the Board. Nevertheless, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Board has established a Board Diversity Policy to ensure that through the Nominating and Remuneration Committee, selection and appointment of new board member take into the consideration the candidates from a wide variety of background, without discriminating based on gender, age, ethnic, marital status and religion but on the required mix of skill, knowledge and professional experience which the new director should bring to the Company. The Board is mindful of the Practice 4.5 of the Code and will ensure that suitable women candidates are sought and considered as part of the recruitment exercise. This will be done over time, taking into account the present size of the Board, the merit and suitability of female candidates and the evolving challenges to the Company from time to time.

Re-Election and Re-Appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire from office at each Annual General Meeting ("AGM") and all Directors shall retire at least once in every three (3) years. The retiring Directors shall be eligible for re-election at the AGM. Newly appointed directors during the year must offer themselves to the shareholders for re-election at the next AGM following their appointment.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors constantly participate in training programmes, seminars and conferences to keep themselves abreast with changes and new developments, both in the legal and commercial aspects.

During the financial year ended 31 December 2018, the Directors have attended the following training programmes/seminars/workshops/talks:

Name of Director	Training and Seminars attended
Hussein bin Ismail	• International Professional Practices Framework for Audit Comittee : by The Institute of Internal Auditors Malaysia • Corporate Governance and Risk Management Training : by KPMG Management & Risk Consulting Sdn Bhd • 2019 Budget Seminar : by Chartered Tax Institute of Malaysia • Seminar of Year 2019 Budget & Other Tax Developments : by Folks Management Services Sdn Bhd
Datuk Muzzammil bin Mohd Nor	• Corporate Governance and Risk Management Training : by KPMG Management & Risk Consulting Sdn Bhd
Datuk Haji Jaafar bin Abu Bakar	• Corporate Governance and Risk Management Training : by KPMG Management & Risk Consulting Sdn Bhd • Latest amendments to Listing Requirements and Malaysia Code on Corporate Governance : by Tricor Knowledge House Sdn Bhd
Abdul Rahim bin Abdul Hamid	• Corporate Governance and Risk Management Training : by KPMG Management & Risk Consulting Sdn Bhd • Breakfast Round Table : by Audit Committee Institute • Regulatory Framework - Post Listing : by GFM Services Berhad • Transactions and RPT Rules : by GFM Services Berhad • Key Disclosures - Obligations of a Listed Company : by GFM Services Berhad • Dealings in Listed Securities, Closed Period & Insider Trading : by GFM Services Berhad • Case Study Workshop - Rethinking of Independent Directors - Board Best Practices : by Bursa Malaysia • Power Talk : by Institute Of Company Directors Malaysia

III. Remuneration

Board Remuneration

The Nominating and Remuneration Committee recommends the remuneration package for the Executive Director/GCEO to the Board for approval. The Executive Director abstains from deliberation and voting on decisions in respect of his own remuneration.

The Nominating and Remuneration Committee comprises wholly of Independent Non-Executive Directors as follows:-

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid *(appointed on 28.11.2018)*	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar *(appointed on 19.11.2018)*	Member	Independent Non-Executive Director
Dato' Feroz bin A S Moidunny *(resigned on 19.11.2018)*	Chairman	Independent Non-Executive Director
Datuk Syed Zaid bin Syed Jaffar Albar *(resigned on 18.7.2018)*	Member	Non-Independent Non-Executive Director

The Nominating and Remuneration Committee assists the Board in fulfilling the following functions:

(i) New appointments, re-election and re-appointment

- to establish clear and appropriate criteria on the selection and recruitment of the Board;
- to consider and recommend to the Board candidates for directorship, taking into consideration the candidates' skills, knowledge, expertise, experience, time commitment, character, professionalism and integrity;
- to recommend to the Board candidates to fill the seats on Board committee;
- to evaluate the balance of skills, knowledge, experience and diversity on the Board;
- to evaluate and recommend to the Board on the re-election and re-appointment of the directors who are subject to retirement at annual general meeting; and
- to evaluate and recommend to the Board the appointment, promotion and termination of the executive director, chief executive officer and senior management.

(ii) Evaluation

- to establish clear and appropriate criteria on annual assessment of the Board;
- to assess annually the effectiveness and competencies of the Board as a whole, the Board Committees and the contribution of each individual director; and
- to assess annually the independence of the independent directors.

(iii) Succession planning and training

- to establish appropriate plans for succession at Board level and senior management level; and
- to review the training needs of the Board.

(iv) Remuneration

- to establish formal and transparent remuneration policies and procedures to attract and retain Board members;
- to review and recommend to the Board the remuneration package for executive director, chief executive officer and senior management;
- to review with chief executive officer and executive directors, their goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy; and
- to review and recommend to the Board the annual increments and bonuses of executive directors and senior management team.

The terms of reference of the Nominating and Remuneration Committee is provided in the Company's website at www.encorp.com.my.

The Nominating and Remuneration Committee deliberated on the following matters in 2018:

- Annual Board assessment on the effectiveness and competencies of the Board as a whole, Board Committees and individual directors;
- Evaluation of the independence of each Independent Director on an annual basis;
- Identification of appropriate training and education programmes with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contributions to the Board and Group; and
- Proposed appointment of new Directors.

Policies and Procedures

The Executive Director/GCEO is not entitled to annual Directors' fees nor entitled to receive any meeting allowances for the Board and Board Committee meetings that he attends.

Non-Executive Chairman and Non-Executive Directors are paid yearly fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the Non-Executive Chairman and Non-Executive Directors for each Board or committee meeting they attend.

The Directors' Remuneration Policy was adopted by the Board on 26 November 2015, which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package.

The remuneration of Directors for the financial year ended 31 December 2018 is as follows:

Group	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Hussein bin Ismail	230	21	-
Datuk Muzzammil bin Mohd Nor	109	21	-
Datuk Haji Jaafar bin Abu Bakar	124	20	-
Abdul Rahim bin Abdul Hamid	132	21	-
Datuk Syed Mohamed bin Syed Ibrahim *(resigned on 22.1.2018)*	-	-	-
Dato' Haji Zakaria bin Nordin *(resigned on 23.2.2018)*	-	99	14
Datuk Syed Zaid bin Syed Jaffar Albar *(appointed on 8.3.2018)* *(resigned on 18.7.2018)*	34	10	-
Dato' Feroz bin A S Moidunny *(resigned on 19.11.2018)*	92	13	-
Total	**722**	**206**	**14**

Company	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Hussein bin Ismail	210	19	-
Datuk Muzzammil bin Mohd Nor	89	19	-
Datuk Haji Jaafar bin Abu Bakar	88	18	-
Abdul Rahim bin Abdul Hamid	112	20	-
Datuk Syed Mohamed bin Syed Ibrahim *(resigned on 22.1.2018)*	-	-	-
Dato' Haji Zakaria bin Nordin *(resigned on 23.2.2018)*	-	98	14
Datuk Syed Zaid bin Syed Jaffar Albar *(appointed on 8.3.2018)* *(resigned on 18.7.2018)*	34	10	-
Dato' Feroz bin A S Moidunny *(resigned on 19.11.2018)*	92	13	-
Total	**626**	**197**	**14**

Senior Management Remuneration

Practice 7.2 of the Code states that the Company should disclose on a named basis the top (5) Senior Management's remuneration component including salary, bonus, benefits in kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues. The remuneration for the top six (6) Senior Management for the financial year ended 31 December 2018, ranged as follows:

Remuneration ranges (RM)	No. of Senior Management
150,001 – 200,000	2
200,001 – 250,000	0
250,001 – 300,000	0
300,001 – 350,000	1
350,001 – 400,000	3
400,001 – 450,000	0
450,001 – 500,000	0
500,001 – 550,000	0

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit and Risk Committee

The Audit and Risk Committee is made up of three (3) members comprising of two (2) Independent Directors and one (1) Non-Independent Director appointed by the Board and it has written terms of reference clearly setting out its authority and duties. The terms of reference and Report of the Audit and Risk Committee are also provided in this Annual Report and website at www.encorp.com.my.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, focusing particularly on accounting policies and compliance; reviewing the scope of external audit and audit process; and reviewing the Group's system of internal control and risk management.

The Audit and Risk Committee currently comprises the following members:

Name	Designation	Directorship
Abdul Rahim bin Abdul Hamid	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar	Member	Independent Non-Executive Director
Datuk Muzzammil bin Mohd Nor *(appointed on 3.8.2018)*	Member	Non-Independent Non-Executive Director
Dato' Feroz bin A S Moidunny *(resigned on 3.8.2018)*	Member	Independent Non-Executive Director

Relationship with External Auditors

Through the Audit and Risk Committee, the Group has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the laws and regulations. The external auditors were invited to attend the Audit and Risk Committee Meeting to give their views on the state of affairs of the Company, where necessary. The external auditors also highlight to the Board any material deficiency pertaining to the system of internal control and compliance issues of the Group.

The Company has established an External Auditors Policy to assess and monitor the external auditors. The Audit and Risk Committee has assessed the independence of Messrs Deloitte PLT and was satisfied with their competency and independence. However, Messrs Deloitte PLT had on 20 March 2019 expressed their intention not to seek for re-appointment at the forthcoming AGM. The Company then had on 4 April 2019 received a notice of nomination from a shareholder of the Company nominating Messrs Ernst & Young as the external auditors of the Company for the financial year ending 31 December 2019 in replacement of Messrs Deloitte PLT. The proposed appointment is conditional upon the shareholders' approval at the forthcoming AGM.

II Risk Management and Internal Control Framework

Risk Management Committee

The Risk Management Committee comprises the Heads of Departments and Group's senior management. The Risk Management Committee reports to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee assists the Board in providing oversight over the Group's management of risk and reviews the adequacy of compliance and control throughout the Group.

Internal Control

The Board of Directors recognises the pivotal role of a strong internal control system in keeping the Group on course towards its goal of maximizing shareholders' value. To this extent, the need for a strong internal control environment has been ingrained into the culture of the Group by the Board and management.

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit and Risk Committee. The Group's Statement on Risk Management & Internal Control is set out on page 99 to 103.

Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Group has formalised a Whistle Blowing Policy. This is essentially a mechanism to enable the employees to disclose internally any serious malpractice or misconduct without fear of reprisal. This policy provides a safe and acceptable platform for employees to channel their concerns about illegal, unethical or improper business conduct affecting the Group.

If any employee believes reasonably and in good faith that malpractice exists in the work place, the employee should report this immediately to the line manager. However, if for any reason the employee

is reluctant to do so then the employee should report the concerns to the following nominated persons

- Audit and Risk Committee Chairman; or
- Company Secretary

The Board and the Management give their assurance that the whistle-blower identities are kept confidential and the whistle-blower will not be at risk to any form of reprisal as a result of raising a concern even if the individual is mistaken. The Company, however, does not extend this assurance to someone who maliciously raises a matter which is untrue. If an investigation is necessary, depending on the nature of the misconduct, an investigation may include internal reviews, reviews by the external auditors or lawyers or some other external body.

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

I Communication with Stakeholders

The Company adheres strictly to the disclosure requirements under the Listing Requirements of Bursa Securities. The financial results of the Company are announced quarterly to Bursa Securities via Bursa Link. Material transactions and events are also announced accordingly.

The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. In line with the practices under the Code, a Shareholders' Communication Policy was implemented to handle the process of handling queries from its shareholders.

The Company maintains regular and effective communication with its shareholders and stakeholders by attending to shareholders' and investors' e-mails and phone calls enquiries, Company general meetings and other Company events. The Notice for the Company's Annual General Meetings provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their rights to appoint a proxy and information as to who may count as a proxy.

The Company's website has a dedicated section that provides all relevant information on the Company which is accessible to the public. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material information.

Corporate Disclosure Policy

The Board has formalized a Corporate Disclosure Policy ("CDP") which aims to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decision by the investors and stakeholders. The CDP sets out the policies and procedures for disclosure of material information of the Group. The CDP is applicable to all Directors and employees of the Group.

II Conduct of General Meetings

The AGM is the principal forum for communication with shareholders. At each AGM, the Board encourages shareholders to participate in the question and answer session whereby the Directors are available to discuss aspects of the Groups' performance and its business activities. The Chairman responds to shareholders' questions during the meeting.

In line with Paragraph 8.29A of the Listing Requirements, the Company has always made the necessary preparation for poll voting for all resolutions at its AGM.

ADDITIONAL COMPLIANCE INFORMATION

ADDITIONAL COMPLIANCE INFORMATION PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Non-Audit Fees

During the financial year under review, the fees paid / payable to the external auditors, Messrs Deloitte PLT and its affiliated companies in relation to the audit and non-audit services rendered to Encorp Berhad and its subsidiaries are as follows:

	Group (RM)	Company (RM)
Statutory audit services provided by Messrs Deloitte PLT	230,000	80,000
Non-audit services provided by Messrs Deloitte PLT	30,000	8,000
Advisory services provided by affiliates of Messrs Deloitte PLT	82,500	18,500
Total	342,500	106,500

Material Contracts

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The Company was given shareholders' mandate to enter into recurrent related party transactions for the sale of properties in the ordinary course of business, provision of comprehensive facilities management services, construction and property development works with related parties ("Recurrent Transactions") at the Eighteenth Annual General Meeting held on 28 May 2018.

Recurrent Transactions conducted during the financial year ended 31 December 2018 are set out below.

Type of Recurrent Transactions	Related Party	Relationship with Encorp Group	RM
Provision of comprehensive facilities management services to FELDA Group	FELDA	Major shareholder of Encorp Berhad	8,160,000.00
Provision of construction and property development works to FELDA Group	MSM Sugar Refinery (Johor) Sdn. Bhd. ("MSM Johor")	Person connected with a major shareholder of Encorp, namely FELDA, by virtue of FELDA's indirect equity interest of 17.2% in MSM Johor	796,335.57

Utilisation of Proceeds

During the financial year ended 31 December 2018, there were no proceeds raised by the Company from corporate proposal.

AUDIT AND RISK COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit and Risk Committee for the financial year ended 31 December 2018.

MEMBERSHIP AND MEETINGS OF THE AUDIT AND RISK COMMITTEE

During the financial year ended 31 December 2018, the Audit and Risk Committee convened Six (6) meetings which were attended by the members as tabulated below:-

Name of members	Directorship	No. of Meetings Attended
Abdul Rahim bin Abdul Hamid	Chairman, Independent Non-Executive Director	6/6
Datuk Haji Jaafar bin Abu Bakar	Independent Non-Executive Director	6/6
Dato' Feroz bin A S Moidunny *(resigned on 3.8.2018)*	Independent Non-Executive Director	4/4
Datuk Muzzammil bin Mohd Nor *(appointed on 3.8.2018)*	Non-Independent Non-Executive Director	2/2

The group chief executive officer, chief operating officer, finance general manager, the head of risk management and the representatives from the external auditors and internal auditors and/or advisor also attended the meetings at the invitation of the Audit and Risk Committee. The Company Secretary acts as the secretary of the Audit and Risk Committee.

The Audit and Risk Committee also met separately with the external auditors without the Executive Board members and management's presence on three (3) occasions during the year.

TERMS OF REFERENCE OF AUDIT AND RISK COMMITTEE

Objective

The objective of the Audit and Risk Committee is to assist the Board in discharging its responsibility relating to the Group's financial reporting, as well as, to assist the Board in fulfilling its fiduciary duties in relation to governance, ethics and risk management.

Composition

The Board shall appoint the Audit and Risk Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit and Risk Committee members shall be independent directors.

The Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit and Risk Committee shall be financially literate and at least one (1) member of the Audit and Risk Committee must be:

(a) a member of the Malaysian Institute of Accountants ("MIA"); or

(b) if he is not a member of MIA, he must have at least three (3) years of working experience and;

- he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
- he must be a member of one of the associations of the accountants specified in Part ll of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit and Risk Committee.

The term of office and performance of the Audit and Risk Committee and each of its members shall be to determine whether such Audit and Risk Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Audit and Risk Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall fill the vacancy within three (3) months.

Chairman

The members of the Audit and Risk Committee shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman, the other members shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Secretary

The Company Secretary shall be the Secretary of the Audit and Risk Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Meetings

The Audit and Risk Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditors, the Chairman of the Audit and Risk Committee shall convene a meeting of the Audit and Risk Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

The Chairman of the Audit and Risk Committee shall engage on a continuous basis with senior management, such as the chief executive officer, chief operating officer, the head of finance, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The chief executive officer, chief operating officer, the head of finance, a representative of the internal auditors and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit and Risk Committee.

The Audit and Risk Committee shall be able to convene meetings with the external auditors without the presence of other directors and employees at least twice a year.

Questions arising at any meeting of the Audit and Risk Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit and Risk Committee shall have a second or casting vote.

Resolution in Writing

A resolution in writing, signed by all the members of the Audit and Risk Committee for the time being entitled to receive notice of a meeting of the Audit and Risk Committee, shall be as valid and effectual as if it had been passed at a meeting of the Audit and Risk Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit and Risk Committee and also to the other members of the Board. The Chairman of the Audit and Risk Committee shall report on each meeting to the Board.

The minutes of the Audit and Risk Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Quorum

In order to form a quorum for the Audit and Risk Committee meeting, the majority of members present must be independent directors.

Authority

The Audit and Risk Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

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

(b) have full and unlimited/unrestricted access to all information and documents/resources required to perform its duties;

(c) obtain independent professional or other advice;

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

(e) where the Audit and Risk Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market LR of Bursa Securities, the Audit and Risk Committee shall promptly report such matter to Bursa Securities.

Duties

The duties of the Audit and Risk Committee shall be:-

(a) oversee all matters relating to external audit

- discuss with the external auditors where necessary, the nature and scope of the audit and ensure

co-ordination of audits where more than one audit firm is involved;
- discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss;
- review with the external auditors, their evaluation of the systems of internal control, their management letter and management's response;
- consider the appointment of external auditors as well as the appropriateness of their audit fees as recommended by the management;
- assess the suitability and independence of external auditors in respect of the provision of non-audit services to the Group and the Company in accordance with the terms of all relevant professional and regulatory requirements;
- consider any letter of resignation of external auditors and any questions of resignation and dismissal; and
- review the level of assistance given by the employees of the Group to the external auditors.

(b) oversee all matters relating to internal audit

- to review the adequacy of the scope, functions, competency and resources of the internal audit function;
- to review and approve the internal audit plan;
- to ensure co-ordination of external audit with internal audit;
- to review major findings of internal audit reviews and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the member of the internal audit function;
- to approve any appointment or termination of members of the internal audit function; and
- to keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/ her reasons for resigning.

(c) review of financial statements

To review the quarterly and year-end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant audit issues and adjustments arising from audit;
- going concern assumption;
- compliance with the applicable approved accounting standards and regulatory requirements; and
- compliance with the Main Market LR of Bursa Securities and other legal requirements.

(d) review of systems of internal control and risk management

- to review the reports of respective risk management teams in relation to the adequacy and integrity of the Group's internal control systems in mitigating risks;
- to review and recommend the risk management policy, procedures and risk management framework to the Board; and
- to provide guidance on the overall risk strategy for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group.

(e) governance responsibilities

- to review the Group's governance framework as guided by the Malaysian Code of Corporate Governance and other best practices in corporate governance;
- to review the Group's policies to support the implementation of the Group's governance framework; and
- to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements.

(f) additional duties and responsibilities

- to review any related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit and Risk Committee and the Board from time to time.

TRAINING

The Audit and Risk Committee members have attended the following training, seminars and conferences during the year to acquire relevant knowledge that enables them to discharge their duties effectively:

1. Corporate Governance and Risk Management Training : by KPMG Management & Risk Consulting Sdn Bhd
2. Latest amendments to Listing Requirements and Malaysia Code on Corporate Governance : by Tricor Knowledge House Sdn Bhd
3. Breakfast Round Table : by Audit Committee Institute
4. Regulatory Framework - Post Listing : by GFM Services Berhad
5. Transactions and RPT Rules : by GFM Services Berhad
6. Key Disclosures - Obligations of a Listed Company : by GFM Services Berhad
7. Dealings in Listed Securities, Closed Period & Insider Trading : by GFM Services Berhad
8. Case Study Workshop - Rethinking of Independent Directors - Board Best Practices : by Bursa Malaysia
9. Power Talk : by Institute Of Company Directors Malaysia

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK COMMITTEE DURING 2018

In accordance with its Terms of Reference, the following activities were undertaken during the year by the Audit and Risk Committee:

- Reviewed the quarterly unaudited financial statements of the Group for the financial quarters ended 31 December 2017, 31 March 2018, 30 June 2018 and 30 September 2018 with Management prior to the Board's deliberation and approval for their release to the Bursa Securities. The review focused particularly on :-
  - Any change in or implementation of accounting policies and practices;
  - Significant adjustments arising from the audit, if any;
  - The going concern assumption;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.
- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2017 with Management and the external auditors before recommending it to the Board for approval and release to the Bursa Securities.
- Reviewed and discussed Management Accounts with Management.
- Reviewed and deliberated on the Enterprise Risk Management (ERM) report which was updated every quarter by the Risk Management Department.
- Reviewed and discussed the audit report, the extent of assistance rendered by Management, issues and reservations arising from statutory audit with the external auditors.
- Assessed the performance of the external auditors, including their suitability and independence and recommended the same to the Board for re-appointment.

- Met with the external auditors three (3) times without the presence of the Executive Board members and Management and no major issues were highlighted.
- Reviewed the internal audit activities carried out by the Internal Auditors and deliberated on significant audit findings identified, audit recommendations made and management's action plans to ensure that the risks issues were adequately addressed.
- Reviewed and recommended the Corporate Governance Overview Statement, Audit and Risk Committee Report, Statement on Risk Management & Internal Control and Statement on Sustainability to the Board for approval.
- Reviewed with the external auditor, the audit plan inclusive of areas of audit emphasis, audit fees, and scope for the year as well as the audit procedures to be followed prior to commencement of annual audit for 2018;
- Reviewed related party transactions entered into by the Group.
- Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- Discussed the implication of any development or latest changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR

The internal audit function of the Company has been outsourced to an independent professional firm, BDO Governance Advisory Sdn Bhd, which assists the Audit and Risk Committee in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the Audit and Risk Committee.

The internal audit provides risk-based and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

During the financial year ended 31 December 2018, the major activities carried out by the out-sourced internal audit provider were as follows:

- Performed risk-based internal audits on a quarterly basis as specified in the approved annual audit plan; and
- Issued quarterly internal audit reports to the Audit and Risk Committee detailing audit issues and recommendations for corrective actions to be adopted by Management, to overcome the deficiencies or to enhance controls. The identified key audit areas performed in 2018 are the following:
  - Internal control review of Property, Contract and Subcontractor Management
  - Internal control review of Sales and Marketing Operations
  - Internal control review of Asset Divestment for Encorp Strand Mall

The costs incurred for the internal audit function for the financial year ended 31 December 2018 amounted to RM84,000.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Introduction

This Statement is in line with Paragraph 15.26(b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on the Group's compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysia Code on Corporate Governance 2017 and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Board's Responsibility

The Board of Directors (the "Board") affirms its overall responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate internal control environment and risk management framework as well as reviewing its adequacy and effectiveness. The system of risk management and internal control consists of financial controls, organisational, operational and compliance controls and risk management processes to safeguard shareholders' investments and the Group's assets.

This process is also applicable to the property development activities undertaken by the Group through joint ventures, to the extent that the Group reviews and manages significant risks in order to achieve the Groups business objectives, perform quarterly risk reviews and monitoring of key control activities in relation to the identified principal risks.

However, in view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud, and that any adverse impact arising from a foreseeable future event or situation on the Group's objectives is mitigated and managed.

The Board has received assurance from the Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework of the Group.

This process has been in place for the year under review and up to the date of approval of this Statement.

Risk Management Framewok

The Board continues to affirm its commitment to ensure adequate stewardship and culture for implementation of effective risk management principles at a holistic level through the implementation of the Group Risk Management Framework ("RM Framework"). The Group adopts an Enterprise Risk Management ("ERM") framework which is consistent with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") ERM framework, the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, Bursa Malaysia's Corporate Governance Guide.

The Group RM Framework sets out the risk management governance, guidelines, processes and control responsibilities and underpins the Group Risk Management Policy ("RM Policy"). It seeks to ensure that there is a consistency to the methods used in managing risks throughout the Group and the risk management efforts are aligned with the Group's business objectives. It also outlines enhanced and explicit requirements for managing risks and assists in understanding the impact of uncertainties inherent in business decisions. An important objective is to promote a balanced approach to risk that optimizes risk and return.

The Board is assisted by the Risk Management Committee ("RMC") which is chaired by the Group Chief Operating Officer and comprises of representatives from key senior management. The function of the RMC is to drive effective risk management guided by the Group RM Policy and RM Framework to ensure effective identification of emerging risks and management of identified risks through implementation of appropriate controls and risk treatment strategies while being cognizant of the business outlook, opportunities and financial sustainability.

The RMC works closely with the Risk & Governance Department ("RGD") to ensure an effective and consistent implementation of the risk management process. The RGD meets with the risk owners made up of Managers or Head of Departments to identify and evaluate the risks related to their respective areas and to establish the risk profiles of the Group during the risk assessment sessions. The level of risk tolerance of the Group is expressed through the use of a risk impact and likelihood matrix. Once the risk level is determined, the risk owner is required to implement risk treatment strategies covering management actions and/or activities with target timeline for implementation. The risk owners are to monitor and update their risk profiles on and on-going basis. The update of the risk profiles includes the identification of emerging risks arising from changing business outlook and/or new initiatives being implemented as well as evaluation of the effectiveness of existing controls and risk management initiatives.

The RMC maintains and reviews both the Group top risk and department risk profiles with the assistance from the RGD every quarterly. The group top risk profiles as well as the emerging risks are presented and deliberated by the RMC to ensure that the overall risks impacting the Group are adequately identified and managed within an acceptable risk appetite. The risk management report is then presented to the Audit and Risk Committee ("ARC") then to the Board on quarterly basis. As part of the Board's efforts to ensure risk management and internal control processes are adequate and effective, risk treatment strategies and internal controls for major risks are periodically reviewed by the internal audit with highlighted areas for improvement and recommendations for implementation.

The Board and management inculcate a proactive and sustainable risk management culture by ensuring that employees at different levels would have a better understanding of effective risk management practices through on-going risk communication.

Internal Control Systems

The Group's Core Values

The Group's corporate culture is embedded in its core values which are Ethical, Relationship, Success and Learning to achieve the Group's vision and mission.

Whistleblowing Policy

The Group's Whistleblowing Policy was established to provide an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conducts or other malpractices within the Group. It gives and appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner whilst protecting the informants from reprisal within the limits of the law. Where the concerns pertain to senior members of management, a direct communication channel to the ARC is also available.

Other Key Elements of the Group's Internal Control

An effective check and balance control environment is fundamental for ensuring a sound internal control system in the Group. The Board and Management are committed to maintain an effective internal control environment by continuously enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance to regulatory guidelines. The key elements and/or features of our Group's internal control system established for maintaining strong corporate governance are as follows:

- The Executive Committee of the Board was established to manage the Group's operation in accordance with corporate objectives, strategies, policies, key performance indicators and annual budgets as approved by the Board. Further details on the Executive Committee are set out in the Corporate Governance Overview Statement.

- The ARC of the Group, with the assistance of the RMC performs regular risk management assessments and through the RGD, reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external auditors of the Group. Further details are set out in the Audit and Risk Committee Report.

- The Group's reporting structure incorporating checks and balances is aligned to the business and operational requirements, with clearly defined lines of responsibility and authority levels, proper job descriptions and key performance indicators.

- Limits of Authority are in place for approving capital expenditure, awarding of contracts and matters on financial, treasury, operations and personnel, keeping potential risk exposures under control. These Limits of Authority specify clear segregation and delegation of responsibilities from the Board to Board Committees and to members of management and the authorisation levels for various aspects of operations. The effectiveness of the Limits of Authority are reviewed periodically and where necessary enhancements or revisions are proposed by the management team. All revisions to the Limits of Authority are approved by the Board.

- Clearly documented internal policies and procedures are also in place subject to regular reviews to ensure that it maintains its effectiveness to support the Group's business activities, processes as well as changes in external environments, have been communicated to all levels. Any new or changes in policy would require the approval of the Board.

- Quality improvement initiatives are in place and key business units of the group are accredited for ISO certificate (Quality Management System – ISO 9001:2015) in accordance to Quality Standards.

- Business strategies and operating and capital expenditure budgets are prepared by business and operating departments annually, and are approved by the Board. Actual performance and significant variances against budget are monitored on an ongoing basis.

- Quarterly and annual financial statements containing key financial results as well as operational performance results of the Group are prepared and reported to the Board.

- Management and financial reports are generated monthly to facilitate the Group's management in performing financial and operating reviews of the various operating units.

- The GCOO is involved in the running of the day-to-day business operations by meeting up with both management and operations on a regular basis to monitor the performance and profitability of the Group's businesses. Management meetings with the GCOO namely Heads of Department, Property, Credit Control and Business Development are held periodically to deliberate and discuss on business and operational matter for management reporting and decision making.

- The Group has a comprehensive information system that enables the production of timely, reliable and relevant data to enhance management in decision making.

- Guidelines on employment, performance appraisal, training and retention of employees are in place to ensure the Group's ability to operate in an effective and efficient manner.

- The Group undertakes adequate insurance coverage for both its employees and assets to ensure they are sufficiently insured against any mishap that will result in financial or material losses.

- The Group has established the safety & health committee at the operating level to address and ensure compliance with occupational safety and health policies and procedures as required by the various authorities. The Group Safety, Health and Environment Unit continue to enhance the awareness of safety, health and environment practices throughout the Group and monitors the compliance with the relevant regulations and best practices.

- The Intranet Portal, Management Bulletins, Internal Memos, Management and Employee engagement activities such as Town halls are used as an effective dissemination tool to share up-to-dated information on development and company performance and direction.

- Key performance indicators are established and aligned with the strategic business objectives and goals and are monitored on an ongoing basis.

Internal Audit

The Group has its own Internal Audit Unit (IAU) under the RGD until June 2018 when it subsequently outsourced its internal audit function to an independent professional firm, BDO Governance Advisory Sdn Bhd (BDO) to conduct risk based internal audit on a quarterly basis (IAU and BDO are collectively defined as IA). The IA provides the ARC results on the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The IA conducts regular internal audit reviews based on the annual audit plan which was reviewed and approved by the ARC.

Conclusion

The Board is of the view that the risk management and internal control system in place throughout the year under review and up to the date of approval of this Statement is sound and sufficient to safeguard the interests of the Group's stakeholders, their investments, the Group's assets, as well as the interests of customers and employees. Additionally, the Board regards the risks faced by the Group are within acceptable levels in relations to its business objectives.

The Board however recognizes the ever changing dynamic business environment, and hence will endeavor to continue improving, and enhancing the existing system of risk management and internal controls to ensure their continued relevance.

There were no material losses or fraud during the year under review as a result of weaknesses in internal control system.

The Group will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

Review of the Statement by External Auditors

The external auditors, Deloitte Malaysia have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2018. Their

review was conducted in accordance with Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems. The report from the external auditor was made solely for and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement intended to be included in the annual report of the Group, in all material respects: has not been prepared, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This statement has been reviewed and approved by the Board of Directors on 26 February 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY

On Annual Audited Financial Statements

The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 2016, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the financial position as at the end of each financial year and the financial performance for each financial year of the Company and all its subsidiaries ("Group").

In preparing the financial statements for the financial year ended 31 December 2018, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- used reasonable and prudent judgments and estimations;
- ensured that applicable approved accounting standards and statutory requirements have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are also responsible for ensuring the Group properly keeps adequate accounting records that are sufficient to explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the relevant statutory requirements. The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.



FINANCIALS

Directors' Report & Audited Financial Statements
List of Properties



FINANCIALS

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

DIRECTORS' REPORT STATEMENTS & AUDITED FINANCIAL

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Encorp Berhad (506836-X)
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Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The principal activities of the Company are investment holding and provision of general management support services.

The principal activities and other information of the subsidiaries are disclosed in Note 19 to the financial statements.

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

Results

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Loss, net of tax	(4,028)	(12,182)
Loss attributable to:		
Owners of the parent	(2,294)	(12,182)
Non-controlling interests	(1,734)	-
	(4,028)	(12,182)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the impairment in goodwill of RM5,100,000 and loss in fair value of RM11,120,000 to the investment properties as disclosed in Note 14 and Note 15 to the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Directors

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Haji Jaafar Bin Abu Bakar
Abdul Rahim Bin Abdul Hamid
Hussein Bin Ismail
Datuk Muzzammil Bin Mohd Nor
Datuk Syed Mohamed Bin Syed Ibrahim (resigned on 22 January 2018)
Dato' Haji Zakaria Bin Nordin (resigned on 23 February 2018)
Datuk Syed Zaid Bin Syed Jaffar Albar (appointed on 8 March 2018 and resigned on 18 July 2018)
Dato' Feroz Bin A S Moidunny (resigned on 19 November 2018)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Datuk Haji Jaafar Bin Abu Bakar
Abdul Rahim Bin Abdul Hamid (appointed on 28 February 2018)
Hussein Bin Ismail (appointed on 28 February 2018)
Datuk Muzzammil Bin Mohd Nor (appointed on 28 February 2018)
Hajah Nor Azlina Bt Haji Amran
Tuan Haji Mohammad Sharif Bin Mok Sam
Angeline Eu Gaik Kim
Caroline Eu Gaik Suan
Elyna Effendi Binti Mohamed Effendi
Casmad Sanuri
Sazali Bin Salleh (resigned on 14 January 2018)
Dato' Haji Zakaria Bin Nordin (resigned on 28 February 2018)
Wan Azman Bin Wan Abbas (resigned on 28 February 2018)

Directors' benefits

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

Directors' interests

None of the directors in office at the end of the financial year had any interest in shares, in the Company or its related corporations.

Encorp Berhad (506836-X)
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Other statutory information

(a) Before the fincancial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business 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 the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

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

(iii) which have arisen which would 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, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(d) As at the date of this report, there does not exist:

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

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

(e) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Indemnity and insurance for directors, officers and auditors

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the Directors of the Company. The amount of insurance premium paid during the year amounted to RM25,000.

There were no other indemnity provisions made on behalf of auditors of the Company.

Holding body

The directors regard Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

Auditors

Deloitte retires at the forthcoming annual general meeting and do not wish to seek a re-appointment.

Auditors' remuneration

The amount payables as remuneration of the auditors for the financial year ended 31 December 2018 is as disclosed in Note 8 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2019.

Hussein Bin Ismail

Abdul Rahim Bin Abdul Hamid

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Hussein Bin Ismail and Abdul Rahim Bin Abdul Hamid, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 122 to 231 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2019

Hussein Bin Ismail

Abdul Rahim Bin Abdul Hamid

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Seow Yoke Wei @ Seow Yoke Loong, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 122 to 231 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Seow Yoke Wei @ Seow Yoke Loong
at Petaling Jaya in the state of Selangor
Darul Ehsan on 29 April 2019.

Seow Yoke Wei @
Seow Yoke Loong

Before me,
Wong Kai Fen (B456)
Commissioner for Oaths

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENCORP BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ENCORP BERHAD, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 122 to 231.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(Forward)

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Revenue and Cost of Sales from Property Development Activities

A significant proportion of the Group's revenue and profits are derived from property development contracts which span more than one accounting period.

During the financial year, property development revenue of RM139.7 million and cost of sales of RM82.8 million accounted for approximately 54% and 74% of the Group's revenue and cost of sales, respectively. The Group recognises revenue from property development activities either over time or at a point in time.

In recognising revenue over time, the progress of performance obligation is measured using input method. Stage of completion is determined by making reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the property development activities. In estimating the total cost incurred for a property development activity as of the end of the reporting period, the Group also considers verification made by experts, past experience on similar projects and the continuous construction cost monitoring mechanism.

Refer to the accounting policy and significant estimation as disclosed Notes 2.17 (i) and (ii), 2.24 (a), 3.2(b) and Notes 16 and 17 to the financial statements for disclosures on property development activities.

Our audit procedures in assessing the revenue and cost of sales from property development activities, amongst others include:

(a) obtained understanding and performed testing on relevant controls adopted by management in estimating the total property development costs, gross profit margin and the methods of measuring progress of the respective property development activities using input method;

(b) assessed reliability of management's budgeting process and controls by: (1) obtained understanding and tested material variances between actual costs incurred against their budget; and (2) tested the total estimated cost of selected property development projects by examination of documentary evidences, including material control variances and basis for cost contingencies;

(c) tested the actual property development costs incurred for selected property development projects to determine its occurrence and accuracy and that they are recorded in the correct accounting period;

(d) tested the sale and purchase agreements entered into between the Group and the property purchasers and determined that they are recorded in the correct accounting period;

(e) recomputed the percentage of completion for selected property development projects prepared by management to determine the accuracy of the revenue recognised;

(f) performed site visits to assess the status of the property development activities and compared with physical progress reports; and

(g) reviewed management's assessment on the impact of the transition from Financial Reporting Standards to Malaysian Financial Reporting Standards ("MFRS") and ensured the impact has been considered and adjusted retrospectively and all the current year transactions were accounted for in accordance with MFRS 15 Revenue from Contracts with Customers.

(Forward)

Valuation of Investment Properties

The Group adopts fair value model for its investment properties. The Group engaged a firm of independent valuers to estimate the fair value of its investment properties.

When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions.

In addition, the fair value should reflect, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions, which are highly judgmental.

Refer to Notes 2.9, 3.2(g) and 15 to the financial statements for disclosures on investment properties.

Our audit procedures in assessing the valuation of investment properties, amongst others include:

(a) assessed the competency, objectivity and independence of the professional valuers;

(b) obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;

(c) discussed with the professional valuers to obtain an understanding of the property related data used as input to the valuation model;

(d) evaluated the assumptions used by the professional valuers in the fair value calculation of investment properties; and

(e) performed site visit to ensure the existence and conditions of the investment properties.

(Forward)

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Impairment of Goodwill

As disclosed in Note 14 to the financial statements, the carrying amount of goodwill recognised by the Group as at 31 December 2018, amounted to RM13.4 million. This goodwill relates to a subsidiary principally engaged in property development activities.

The Group estimated the recoverable amount of the cash generating units ("CGUs") based on value-in-use ("VIU"). Estimating the VIU of CGUs or groups of CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs or groups of CGUs, and discounting them at an appropriate rate.

Due to the significance of the amount, the complexity and subjectivity involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions on estimated selling prices of future development projects, expected take up rate for each development phase and the estimated profits (and the resulting cash flows) to be derived from each development phase.

The key sources of estimation uncertainty relating to impairment of goodwill are disclosed in Notes 3.2(a) and 14 to the financial statements.

Our audit procedures in assessing the impairment of goodwill, amongst others include:

(a) obtained an understanding and evaluated the process and controls related to the management's assessment of impairment of goodwill;

(b) evaluated management's assumptions related to the determination of estimated selling prices of future development project and the expected take up rate for each development phase which have been applied in the VIU calculation for determining the recoverable amount of goodwill; and

(c) engaged our internal valuation specialist to review the appropriateness of the discount rate used in the VIU calculation.

(Forward)

Cost of Investment in a Subsidiary

There is an indication that the carrying amount of the Company's cost of investment in Encorp Construction & Infrastructure Sdn. Bhd. ("ECISB") may be impaired as ECISB's shareholders fund is less than the cost of investment.

The Company estimated the recoverable amount of its investment in ECISB based on value in use ("VIU") which involves significant estimation in regards to the projection of future cash flows.

Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the projects and discounting them at an appropriate rate.

Refer to Notes 3.2(f) and 19 to the financial statements for disclosures of the cost of investment in subsidiaries.

Our audit procedures in assessing the recoverable amount of its investment in a subsidiary, amongst others include:

(a) obtained understanding and evaluated the process and controls related to the preparation of the cash flow projection that form the basis of determining the recoverable amount of the investment in the said subsidiary;

(b) evaluated management assumptions related to the profitability in securing long-term construction contract and estimated profit and the resulting cash flows to be derived from those significant contracts; and

(c) evaluated the appropriateness of the discount rate used in preparing the cash flows projections that form the basis of determining the recoverable amount.

Impairment of Amount Due from a Subsidiary

Included in the amounts due from subsidiaries of the Company as at 31 December 2018 is an amount due from Encorp Development Pty. Ltd. ("EDPL") of RM48.0 million. The deteriorating financial position of EDPL is reviewed as objective evidence that the amount due from EDPL may be impaired. The determination of the allowance for expected credit loss is a subjective area due to the significant level of judgement and appropriateness of assumptions applied by management.

The Company performed an impairment review in respect of the amount due from EDPL by comparing the asset's carrying amount and the present value of estimated future cash flows receivable from EDPL. The estimated future cash flows that are included in the impairment review are the contractual cash from the project and discounted them at an appropriate rate.

Refer to the accounting policy and significant estimation as disclosed in Notes 2.14 and 3.2(e), and Note 21 to the financial statements for disclosure of amount due from subsidiaries.

Our audit procedures in assessing the recoverable of the amount due from a subsidiary, amongst others include:

(a) obtained an understanding and evaluated the process and controls related to the impairment of amount due from a subsidiary in accordance with MFRS 9 Financial instruments;

(b) evaluated the reasonableness of the assumptions used by management in calculation of recoverable amount of the amount due from a subsidiary; and

(c) assessed whether any expected credit loss needs to be recognised.

(Forward)

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Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

(Forward)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

(Forward)

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

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

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

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

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

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

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

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

(Forward)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

Other Matters

1) As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the year then ended.

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

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

KAMARUL BAHARIN BIN TENGKU ZAINAL ABIDIN

Partner - 02903/11/2019 J
Chartered Accountant

29 April 2019

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Statements of profit or loss and other comprehensive income
For the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Revenue	4	259,959	242,818	4,380	4,380
Cost of sales	5	(112,604)	(136,118)	-	-
Gross profit		147,355	106,700	4,380	4,380
Other operating income	6	9,875	16,499	3,201	12,683
Selling and marketing expenses		(1,992)	(2,229)	-	-
Administrative expenses		(42,671)	(47,067)	(17,255)	(25,951)
Finance costs	7	(91,693)	(98,140)	(2,023)	(2,442)
Other operating expenses		(11,943)	(12,860)	(485)	(509)
Profit/(Loss) before tax	8	8,931	(37,097)	(12,182)	(11,839)
Income tax expense	11	(12,959)	(1,977)	-	(590)
Loss net of tax		(4,028)	(39,074)	(12,182)	(12,429)
Other comprehensive income					
Foreign currency translation	33	2,146	884	-	-
Total comprehensive loss for the year		(1,882)	(38,190)	(12,182)	(12,429)
Loss attributable to:					
Owners of the parent		(2,294)	(34,610)	(12,182)	(12,429)
Non-controlling interests		(1,734)	(4,464)	-	-
		(4,028)	(39,074)	(12,182)	(12,429)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		(148)	(33,726)	(12,182)	(12,429)
Non-controlling interests		(1,734)	(4,464)	-	-
		(1,882)	(38,190)	(12,182)	(12,429)
Loss per share attributable to owners of the parent (sen per share)					
Basic	12	(0.78)	(12.23)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Encorp Berhad (506836-X)
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Consolidated statement of financial position
As at 31 December 2018

	Note	Group 2018 RM'000	2017 RM'000 (Restated)	As at 1Jan 2017 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	13	5,623	6,258	6,878
Intangible assets	14	13,606	18,875	25,042
Investment properties	15	303,620	314,740	325,130
Investment in associate	20	30	30	-
Land held for property development	16	478,744	385,469	293,836
Trade and other receivables	21	677,461	814,222	866,693
Other investments	24	4,384	4,741	4,857
Deferred tax assets	22	19,690	12,534	11,478
		1,503,158	1,556,869	1,533,914
Current assets				
Inventories	17	159,072	283,017	342,507
Contract assets	18	17,923	53,128	29,620
Tax recoverable		584	10,067	5,185
Trade and other receivables	21	228,732	92,629	134,486
Other current assets	23	1,134	371	944
Other investments	24	111,689	118,331	113,267
Cash and bank balances	25	63,785	22,689	62,843
		582,919	580,232	688,852
Assets of disposal group classified as held for sale	26	100	97	23,087
		583,019	580,329	711,939
Total assets		2,086,177	2,137,198	2,245,853

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Consolidated statement of financial position
As at 31 December 2018 (contd.)

	Note	Group 2018 RM'000	2017 RM'000 (Restated)	As at 1Jan 2017 RM'000 (Restated)
Equity and liabilities				
Current liabilities				
Trade and other payables	27	310,844	231,739	209,277
Other current liabilities	28	51,390	100,613	30,326
Contract liabilities	29	4,992	2,311	-
Loans and borrowings	30	116,093	109,812	141,623
Income tax payable		4,313	99	1,391
		487,632	444,574	382,617
Liabilities directly associated with disposal group classified as held for sale	26	950	945	934
		488,582	445,519	383,551
Net current assets		94,437	134,810	328,388
Non-current liabilities				
Trade and other payables	27	256,462	300,610	334,434
Loans and borrowings	30	861,753	909,112	1,017,041
Deferred tax liabilities	22	2,215	2,910	3,538
		1,120,430	1,212,632	1,355,013
Total liabilities		1,609,012	1,658,151	1,738,564
Net assets		477,165	479,047	507,289
Equity attributable to owners of the parent				
Share capital	32	392,898	392,898	278,648
Share premium	32	-	-	104,302
Treasury shares	32	(327)	(327)	(327)
Other reserves	33	3,210	1,064	180
(Accumulated losses)/Retained earnings		(3,227)	(933)	33,677
		392,554	392,702	416,480
Non-controlling interest		84,611	86,345	90,809
Total equity		477,165	479,047	507,289
Total equity and liabilities		2,086,177	2,137,198	2,245,853

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Encorp Berhad (506836-X)
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Statement of financial position
As at 31 December 2018

	Note	Company		
		2018 RM'000	2017 RM'000	As at 1Jan 2017 RM'000
Assets				
Non-current assets				
Property, plant and equipment	13	565	920	1,257
Intangible assets	14	167	279	395
Investment in subsidiaries	19	295,960	295,960	295,960
		296,692	297,159	297,612
Current assets				
Trade and other receivables	21	104,854	101,307	110,585
Other current assets	23	168	160	662
Tax recoverable		-	-	1,232
Other investments	24	5,620	2,558	15
Cash and bank balances	25	1,091	1,254	292
		111,733	105,279	112,786
Assets of disposal group classified as held for sale	26	-	-	16,115
		111,733	105,279	128,901
Total assets		408,425	402,438	426,513

Encorp Berhad (506836-X)
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Statement of financial position
As at 31 December 2018 (contd.)

		Company		
	Note	2018 RM'000	2017 RM'000	As at 1Jan 2017 RM'000
Equity and liabilities				
Current liabilities				
Other payables	27	55,071	34,880	41,440
Loans and borrowings	30	23,000	25,022	40,043
Income tax payable		9	9	-
		78,080	59,911	81,483
Net current assets		33,653	45,368	47,418
Non-current liabilities				
Loans and borrowings	30	-	-	22
		-	-	22
Total liabilities		78,080	59,911	81,505
Net assets		330,345	342,527	345,008
Equity attributable to owners of the parent				
Share capital	32	392,898	392,898	278,648
Share premium	32	-	-	104,302
Treasury shares	32	(327)	(327)	(327)
Accumulated loss		(62,226)	(50,044)	(37,615)
Total equity		330,345	342,527	345,008
Total equity and liabilities		408,425	402,438	426,513

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Encorp Berhad (506836-X)
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Consolidated statement of changes in equity
For the year ended 31 December 2018

		Attributable to owners of the parent						
			Non-distributable					
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital (Note 32) RM'000	Share premium (Note 32) RM'000	Treasury shares (Note 32) RM'000	Other reserves, total (Note 33) RM'000	Distributable retained earnings RM'000	Non-controlling interest RM'000
At 1 January 2018	479,047	392,702	392,898	-	(327)	1,064	(933)	86,345
Loss for the year	(4,028)	(2,294)	-	-	-	-	(2,294)	(1,734)
Other comprehensive income	2,146	2,146	-	-	-	2,146	-	-
Total comprehensive (loss)/ income	(1,882)	(148)	-	-	-	2,146	(2,294)	(1,734)
At 31 December 2018	477,165	392,554	392,898	-	(327)	3,210	(3,227)	84,611
At 1 January 2017	512,864	422,002	278,648	104,302	(327)	180	39,199	90,862
Effect of adoption of MFRS (Note 40)	(5,575)	(5,522)	-	-	-	-	(5,522)	(53)
At 1 January 2017 (restated)	507,289	416,480	278,648	104,302	(327)	180	33,677	90,809
Loss for the year	(39,074)	(34,610)	-	-	-	-	(34,610)	(4,464)
Other comprehensive income	884	884	-	-	-	884	-	-
Total comprehensive (loss)/income	(38,190)	(33,726)	-	-	-	884	(34,610)	(4,464)
Transactions with owners								
Private placement exercise	9,948	9,948	9,948	-	-	-	-	-
Transfer arising from "no par value" regime	-	-	104,302	(104,302)	-	-	-	-
Total transactions with owners	9,948	9,948	114,250	(104,302)	-	-	-	-
At 31 December 2017 (restated)	479,047	392,702	392,898	-	(327)	1,064	(933)	86,345

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Encorp Berhad (506836-X)
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Company statement of changes in equity
For the year ended 31 December 2018

		I----------Non-distributable----------I			I--Distributable--I
	Equity, total RM'000	Share capital (Note 32) RM'000	Share premium (Noted 32) RM'000	Treasury shares (Note 32) RM'000	Accumulated losses RM'000
At 1 January 2018	342,527	392,898	-	(327)	(50,044)
Loss for the year	(12,182)	-	-	-	(12,182)
At 31 December 2018	330,345	392,898	-	(327)	(62,226)
At 1 January 2017	345,008	278,648	104,302	(327)	(37,615)
Loss for the year	(12,429)	-	-	-	(12,429)
	332,579	278,648	104,302	(327)	(50,044)
Transactions with owners					-
Private placement exercise	9,948	9 ,948	-	-	-
'Transfer arising from "no par value" regime	-	104,302	(104,302)	-	-
Total transactions with owners	9,948	114,250	(104,302)	-	-
At 31 December 2017	342,527	392,898	-	(327)	(50,044)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Encorp Berhad (506836-X)
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Statements of cash flows
For the year ended 31 December 2018

	Group		Company	
	2018 RM'000	**2017 RM'000 (Restated)**	**2018 RM'000**	**2017 RM'000**
Operating activities				
Profit/(Loss) before tax	8,931	(37,097)	(12,182)	(11,839)
Adjustments for:				
Depreciation of property, plant and equipment	652	676	372	393
Amortisation of intangible assets	169	184	112	116
Interest expense	91,629	97,850	2,023	2,442
Distribution income from money market investment securities	(4,230)	(4,112)	(146)	(73)
(Gain)/Loss in investment securities	(138)	(139)	21	18
Interest income	(3,200)	(1,954)	(3,055)	(2,497)
Deposit income forfeited	(947)	(47)	-	-
Provision for short-term accumulating compensated absences	206	2	69	2
Net changes in fair value of investment properties	11,120	10,390	-	-
Inventories written down	3,084	-	-	-
Allowance for impairment on:				
- trade receivables	850	1,811	-	243
- other receivables	254	53	3,757	11,543
- assets held for sale	-	131	-	-
- intangible assets	5,100	6,000	-	-
Impairment on land held for development	2,563	6,592	-	-
Unrealised foreign exchange loss	3,909	944	3,909	944
Amounts recovered:-				
- trade receivables	(7)	(138)	-	-
- other receivables	-	(2,321)	-	(1,228)
Reversal of inventories written down	-	(229)	-	-
Unwinding of discount on other liabilities at amortised costs	64	290	-	-
Liquidated and ascertained damages	3,008	45,756	-	-
Reversal of Liquidated and ascertained damages	(17,374)	-	-	-
Gain on disposal of freehold land	-	(2,141)	-	(8,885)
Operating cash flows before working capital changes carried forward	105,643	122,501	(5,120)	(8,821)

Encorp Berhad (506836-X)
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2018 (contd.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating activities (contd.)				
Operating cash flows before working capital changes brought forward	105,643	122,501	(5,120)	(8,821)
Changes in working capital:				
Land held for development and development expenditure	11,336	(37,182)	-	-
Inventories	13,687	(1,326)	-	-
Trade and other receivables and contract assets	30,861	70,518	(11,213)	(2,224)
Other current assets	(763)	573	(8)	502
Provision, trade and other payables	774	12,890	20,122	(6,562)
Other current liabilities	2,681	2,311	-	-
	164,219	170,285	3,781	(17,105)
Interest paid	(31)	(86)	(494)	(693)
Income taxes (paid)/refunded	(7,113)	(9,835)	-	651
Net cash flows generated from/ (used in) operating activities	157,075	160,364	3,287	(17,147)
Investing activities				
Purchase of property, plant and equipment (Note a)	(17)	(56)	(17)	(56)
Purchase of intangible assets (Note a)	-	(17)	-	-
Proceeds from disposal of freehold land	-	25,000	-	25,000
Investment in associate	-	(30)	-	-
Withdrawal /(Investment) in other investments	6,999	(4,948)	(3,062)	(2,543)
Interest received	3,338	2,093	3,034	2,479
Distribution income	4,230	4,112	146	73
Net cash flows generated from investing activities	14,550	26,154	101	24,953

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Encorp Berhad (506836-X)
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Statements of cash flows
For the year ended 31 December 2018 (contd.)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Financing activities				
Proceeds from issuance of ordinary shares	-	9,948	-	9,948
Placement of deposits	619	429	-	-
Drawdown of loans and borrowings (Note b)	30,000	19,599	-	15,000
Repayment of loans and borrowings (Note b)	(162,653)	(257,058)	(3,529)	(31,747)
Payment of Redeemable Convertible Secured Loan Stock coupon ("RCSLS")	-	-	-	-
Net repayment of finance lease payables (Note b)	(22)	(45)	(22)	(45)
Net cash flow used in financing activities	(132,056)	(227,127)	(3,551)	(6,844)
Net increase/ (decrease) in cash and cash equivalents	39,569	(40,609)	(163)	962
Effect of exchange rate changes on cash and cash equivalents	2,146	884	-	-
Cash and cash equivalents at beginning of year	19,242	58,967	1,254	292
Cash and cash equivalents at end of year (Note 25)	60,957	19,242	1,091	1,254

(a) Property, plant and equipment, and intangible assets were acquired by way of the following:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash	17	73	17	56

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Statements of cash flows
For the year ended 31 December 2018 (contd.)

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities.

The movement of borrowings in the statements of cash flow is as follow:

At 31 December 2018 Group	As at 1.1.2018	Net changes from financing cash flows	Non-cash changes	As at 31.12.2018
Loan and borrowings (Note 30)	1,018,902	(132,653)	91,597	977,846
Finance lease (Note 30)	22	(22)	-	-
Total liabilities from financing activities	1,018,924	(132,675)	91,597	977,846
Company				
Loan and borrowings (Note 30)	25,000	(3,529)	1,529	23,000
Finance lease (Note 30)	22	(22)	-	-
Total liabilities from financing activities	25,022	(3,551)	1,529	23,000

At 31 December 2017 Group	As at 1.1.2017	Net changes from financing cash flows	Non-cash changes	As at 31.12.2017
Loan and borrowings (Note 30)	1,158,599	(237,459)	97,762	1,018,902
Finance lease (Note 30)	65	(45)	2	22
Total liabilities from financing activities	1,158,664	(237,504)	97,764	1,018,924
Company				
Loan and borrowings (Note 30)	40,000	(16,747)	1,747	25,000
Finance lease (Note 30)	65	(45)	2	22
Total liabilities from financing activities	40,065	(16,792)	1,749	25,022

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the financial statements
31 December 2018

1. Corporate information

Encorp Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 45-G, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of general management support services. The principal activities of the subsidiaries are disclosed in Note 19.

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

The consolidated financial statements of the Company and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 April 2019.

2. Summary of significant accounting policies

2.1 Basis of prepaaration

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

Transitioning to Malaysian Financial Reporting Standards ("MFRS")

The transition to MFRSs is accounted for in accordance with MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, with 1 January 2017 as the date of transition.

The Group has consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2017 and throughout all the financial years presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to these changes and the financial impact of the transition to MFRS on the Group's and the Company's reported financial position and financial performance, are as disclosed in Note 40.

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2. Summary of significant accounting policies (contd.)

2.2 Adoption of new standards

On 1 January 2018, the Group and the Company adopted the following applicable new and amended MFRSs and IC interpretations mandatory for annual financial periods beginning on or after 1 January 2018. The effects of the adoption of these new standards are disclosed in Note 40:

Description	Effective for annual periods beginning on or after
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
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRSs Annual Improvements to MFRS 2014 - 2016	1 January 2018

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below:

Description	Effective for annual periods beginning on or after
MFRS 16 Leases	1 January 2019
Amendments to MFRSs, Annual Improvement to MFRSs 2015 - 2017 Cycle	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 2019
Amendments to MFRS 119 Employee Benefits	1 January 2019
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16 Leases

MFRS 16 replaces existing leases guidance, including MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

In addition, the nature of expenses related to those leases will now change as MFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The directors are assessing the impact of MFRS 16 on the amounts reported and disclosures made in these financial statements.

MFRS 123 Borrowing Cost

IFRS Interpretations Committee had on March 2019 issued an agenda decision on capitalisation of borrowing costs in relation to IAS 23. The Interpretations Committee Agenda Decision states that borrowing costs would not be capitalised when the borrowings relate to the construction of a residential multi-unit real estate development for which revenue is recognised over time.

Subsequently on 20 March 2019, the Malaysian Accounting Standards Board had made an announcement that an entity might need to change its accounting policy in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The directors are assessing the impact of this amendment on the amounts reported and disclosures in these financial statements.

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2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holder(s) of the investee;
- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns of previous shareholders' meetings.

The Group re-assesses whether or not 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 a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Business combinations

Business combinations and goodwill are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.11(a).

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Summary of significant accounting policies (contd.)

2.6 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date of the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

An investment in an associate company is accounted for using equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associate company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Under equity method, an investment in an associated company is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associated company. When the Group's share of losses of an associated company exceeds the Group's interest in that associated company, the Group discontinues recognising its share of futher losses.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investement is classified as held for sale or distribution. The cost of investment includes the transaction cost.

2.7 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 interest are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interest, 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.

2. Summary of significant accounting policies (contd.)

2.8 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2018 RM	2017 RM
Australian Dollar (AUD)	2.92	3.16

2.9 Investment property

Investment property comprises completed property and property under construction that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both rather than for sale in the ordinary course of business or for use in production or administrative functions.

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2. Summary of significant accounting policies (contd.)

2.9 Investment property (contd.)

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the profit or loss in the year in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double accounting, the assessed carrying value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments; and
- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the statement of financial position as a finance lease obligation.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the profit or loss in the year of retirement or disposal.

Investment property under construction is measured at cost based on the costs certified up to the end of the reporting period.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Office equipment, furniture and fittings	5 - 10 years
Office renovation	10 years
Plant and machinery	5 - 10 years
Crockery, cutlery and glassware	10 years
Buildings	50 years

2. Summary of significant accounting policies (contd.)

2.10 Property, plant and equipment (contd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

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2. Summary of significant accounting policies (contd.)

2.11 Intangible assets (contd.)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software

The Group has developed the following criteria to identify computer software to be classified as intangible asset:

- software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property and equipment; and
- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as intangible asset.

2. Summary of significant accounting policies (contd.)

2.11 Intangible assets (contd.)

(b) Other intangible assets (contd.)

Computer software (contd.)

Computer softwares considered to have finite useful lives are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products for 5 years. Impairment is assessed whenever there is an indication of impairment and amortisation period and method are also reviewed at least at each reporting date.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Summary of significant accounting policies (contd.)

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus transaction cost that are directly attributable to its acquisition or issuance. A trade receivable without significant financing component is initially measured at the transaction price.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit, financial asset at amortised cost and fair value through other comprehensive income (OCI).

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss 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 fair value through profit or loss 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 fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model with the objective to hold assets to collect contractual cash flows and its contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

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

Financial asset at amortised cost are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. Summary of significant accounting policies (contd.)

2.13 Financial assets (contd.)

c) Fair value through other comprehensive income (OCI)

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit and loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulate in other comprehensive income are not reclassifiend to profit and loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2.14 Impairment of financial assets

The Group recognises loss allowance for expected credit losses on financial asset measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The Group measures loss allowance at an amount equal to lifetime expected credit loss except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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2. Summary of significant accounting policies (contd.)

2.14 Impairment of financial assets (contd.)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group and Company considers past loss experience and observable data such as current changes and future forecast in economic changes to estimate the amount of expected impairment loss. The methodology assumptions including any forecast of future economic conditions are reviewed regularly.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (contd.)

2.16 Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.
- The cost of trading goods is determined using the purchase costs on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at lower of cost and net realisable value.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

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2. Summary of significant accounting policies (contd.)

2.17 Inventories (contd.)

(ii) Property development costs (contd.)

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

2.18 Contract asset and Contract liability

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. A contract liability is recognised when there is excess of cumulative billings to customers over cumulative revenue recognised in profit or loss.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2. Summary of significant accounting policies (contd.)

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The measurement of financial liabilities depends on their classification.

Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing cost is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or are completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.22 Employee benefits

(i) Defined contribution plans

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short term benefits

Wages, salaries, other monetary and non-monetary benefits are measured on an undiscounted basis and are accrued in the period in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

2. Summary of significant accounting policies (contd.)

2.23 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(i).

2.24 Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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2. Summary of significant accounting policies (contd.)

2.24 Revenue Recognition (contd.)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

a) Property development

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point of time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sales of vacant land and completed development units is recognised upon delivery of vacant land and completed development units where the control of the vacant land and completed development units has been transferred to the buyer.

b) Construction contracts

Revenue from construction contracts is accounted for by the stage completion method as described in Note 2.16.

2. Summary of significant accounting policies (contd.)

2.24 Revenue Recognition (contd.)

c) Sale of completed properties

Revenue from the sale of completed properties are recognised when the performance obligation in the contract with customer is satisfied (i.e. when the control of the asset underlying the particular performance obligation is transferred to the customer).

Revenue from the sale of completed properties are recognised upon handing over of vacant possession where control of the asset has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

d) Concession income

Concession income is recognised when the performance obligation have been performend and fulfilled (i.e. when the ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government).

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 ("the residual concession period").

Accordingly, the Group is compensated in the form of interest as a result of the extended repayment period. Revenue relating to the residual concession period is recognised over time in accordance to the Privatisation Agreement. The concession will expire in the year 2028.

e) Interest income

Interest income is recognised using the effective interest method.

f) Distribution income

Distribution income from money market investment security is recognised when the Group's received the distribution voucher from the investment security.

g) Dividend income

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

h) Management fees

Revenue from management fee is recognised upon performance of services are completed, net of taxes and discounts.

i) Rental income

Rental income is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

j) Facility management service

Revenue for the facility management service is recognised over time when the service is rendered in accordance to the terms set forth within the facilities management agreements.

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2. Summary of significant accounting policies (contd.)

2.25 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (contd.)

2.25 Income taxes (contd.)

b) Deferred tax (contd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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2. Summary of significant accounting policies (contd.)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. Summary of significant accounting policies (contd.)

2.30 Fair value measurements

The Group measures financial instruments, and certain non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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2. Summary of significant accounting policies (contd.)

2.30 Fair value measurements (contd.)

'For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and available-for-sale financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon by the management as and when necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

On an interim basis, the management present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.31 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2. Summary of significant accounting policies (contd.)

2.31 Current versus non-current classification (contd.)

A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.32 Non-current assets held for sale and discountinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statements of profit or loss.

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3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of property

The Group determines whether a property is classified as investment property or property, plant and equipment. Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

(b) Operating lease commitments

The Group enters into commercial property leases. The Group determines based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) Consolidation

The Group determines that it controls Etika Tapis Sdn. Bhd. and Red Carpet Culinary Sdn. Bhd. which are both 50% owned by Must Ehsan Development Sdn. Bhd. The Group has power over both the investees with the ability to direct their activities that significantly affect the investees' returns.

3.2 Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(a) Impairment of goodwill (contd.)

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 14.

(b) Property development

The Group recognises property development revenue and expenses in the statements of profit or loss by using the stage of completion method.

Significant estimation is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development cost. In making the estimation, the Group evaluates by relying on the work of engineers, quantity surveyors and architects.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 16 and 17.

(c) Construction contract

The Group recognises contract revenue and costs in the statements of profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred and the estimated total contract revenue and costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of engineers, quantity surveyors and architects. Details are disclosed in Note 18(a).

(d) Income tax and deferred taxation

Significant estimation was involved in determining the provision for income taxes and deferred taxation. There were certain transactions and computations for which the ultimate tax determination was uncertain during the ordinary course of business.

The Group recognises 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. Details are disclosed in Notes 11 and 22.

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3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(e) Provision for expected credit losses ("ECL") of trade and other receivables and contract assets

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

Significant estimate is required in determining the impairment of trade and other receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period.

(f) Impairment of investment in subsidiaries

The Company reviews its investments in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Based on the assessment, no impairment was made as the computed recoverable amount is higher than the carrying value of the investment. In determining the recoverable amount, certain assumptions were used by the Company, for example, of securing significant future contracts from its related companies.

(g) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation method. In making the judgement, the Group engaged independent valuation specialists to determine fair value as disclosed in Note 15.

(h) Provision for Liquidated and Ascertained Damages ("LAD")

Provision for LAD is required should a property development project experiences delay in obtaining vacant possession at the stipulated completion date. Significant judgement is required in determining the expected vacant possession date for the on-going property development project. In determining the expected vacant possession date, the Group evaluates based on past experience and by relying on the work of project manager, quantity surveyors and architects. Further details are disclosed in Note 28(a).

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4. Revenue

	Group		Company	
	2018 RM'000	**2017 RM'000 (Restated)**	**2018 RM'000**	**2017 RM'000**
Sale of development properties	139,698	136,339	-	-
Concession income	84,308	89,281	-	-
Sale of completed properties	20,507	3,220	-	-
Rental income	5,852	5,548	-	-
Construction revenue	580	-	-	-
Facility management fees	9,014	8,430	-	-
Management fees from subsidiaries	-	-	4,380	4,380
	259,959	242,818	4,380	4,380
Timing and recognition				
Revenue from other sources	5,852	5,548	-	-
Revenue from contract customers:				
- At a point in time	54,906	3,220	4,380	4,380
- Over time	199,201	234,050	-	-
	259,959	242,818	4,380	4,380

The following table shows revenue from performance obligation that are unsatisfied (or partially satisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**Total RM'000**
Sale of development properties	31,436	-	-	31,436
Concession income*	78,813	72,744	66,038	217,595
	110,249	72,744	66,038	249,031

*The concession income disclosed above is disclosed for three years up until to year 2021. The concession period for this concession income will continue up until 2028.

5. Cost of sales

	Group	
	2018 RM'000	**2017 RM'000 (Restated)**
Property development costs	82,825	116,510
Costs of completed properties	13,981	2,592
Property expenses	6,165	6,413
Construction costs	423	-
Facility management cost	7,113	7,467
Consultancy service	2,097	3,136
	112,604	136,118

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6. Other operating income

Included in other operating income are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Gain in investment securities	138	139	-	-
Rental income	432	455	-	-
Interest income	3,200	1,954	3,055	2,497
Distribution income from money market investment securities	4,230	4,112	146	73
Amounts recovered:				
- trade receivables (Note 21(c))	7	138	-	-
- other receivables (Note 21(c))	-	2,321	-	1,228
Deposit income forfeited	947	47	-	-
Fair value gain of investment properties (Note 15)	-	1,610	-	-
Reversal of inventories written down	-	229	-	-
Gain on disposal of freehold land	-	2,141	-	8,885

7. Finance costs

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- Sukuk Murabahah	84,351	89,126	-	-
- obligations under finance leases	-	2	-	2
- bank credit facilities, bank loans and bank overdrafts	7,092	8,592	1,529	1,747
Interest on advances from immediate holding company	494	693	494	693
Unwinding of discount on other liabilities at amortised costs*	64	290	-	-
	92,001	98,703	2,023	2,442
Less:				
- interest capitalised in property development cost (Note 17(b))	(308)	(563)	-	-
	91,693	98,140	2,023	2,442

* Being the effect from the recognition of time value of money in the re-measurement of financial liabilities of the Group at amortised cost.

8. Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Employee benefits expense (Note 9)	9,985	14,332	4,793	7,691
Non-executive directors' remuneration (Note 10)	829	813	725	736
Auditors' remuneration:				
- current year	230	230	80	80
- under provision in prior year	-	50	-	-
- other service	30	30	8	8
Loss allowance:				
- trade receivables (Note 21(c))	850	1,811	-	243
- other receivables (Note 21(c))	254	53	3,757	11,543
Allowance for impairment:				
- assets held for sale	-	131	-	-
- intangible assets (Note 14)	5,100	6,000	-	-
Amounts recovered:				
- trade receivables (Note 21(c))	(7)	(138)	-	-
- other receivables (Note 21(c))	-	(2,321)	-	(1,228)
Depreciation of property, plant and equipment (Note 13)	652	676	372	393
Amortisation of intangible assets (Note 14)	169	184	112	116
Loss on fair value of investment properties (Note 15)	11,000	12,000	-	-
Loss/(Gain) on fair value of investment properties (Note 15)	120	(1,610)	-	-
Inventories written down	3,084	-	-	-
Reversal of inventories written down	-	(229)	-	-
Loss in investment securities	-	-	21	18

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8. Profit/(Loss) before tax (contd.)

The following items have been included in arriving at profit/(loss) before tax (contd.):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Operating lease - minimum lease payments on:				
- premises	2,088	2,110	2,640	2,640
- equipment	155	241	64	121
- others	46	15	2	10
Unrealised loss on foreign exchange	3,909	944	3,909	944
Liquidated and ascertained damages	3,008	45,756	-	-
Reversal of liquidated and ascertained damages	(17,374)	-	-	-
Gain on disposal of freehold land	-	(2,141)	-	(8,885)
Impairment on land held for development	2,563	6,592	-	-

9. Employee benefits expense

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	6,758	10,057	2,896	4,764
Social security contributions	81	80	38	37
Contributions to defined contribution plan	1,021	1,059	458	506
Provision of short term accumulating compensated absences (Note 27(d))	206	2	69	2
Other benefits	1,919	3,134	1,332	2,382
	9,985	14,332	4,793	7,691

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM113,000 (2017: RM876,000) and RM112,000 (2017: RM874,000) respectively as further disclosed in Note 10.

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
Salaries and other emoluments	99	782	98	780
Defined contribution plan	14	94	14	94
Total executive directors' remuneration	113	876	112	874
Non-executive:				
Fees	722	708	626	633
Allowances and other emoluments	107	105	99	103
Total non-executive directors' remuneration	829	813	725	736
Total directors' remuneration	942	1,689	837	1,610

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2018	2017
Executive director:		
RM100,001 - RM150,000	1	-
RM850,001 - RM900,000	-	1
Non-executive directors:		
< RM50,000	1	3
RM50,001 - RM100,000	-	3
RM100,001 - RM150,000	4	2
RM150,001 - RM250,000	1	1

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11. Income tax expense/(benefit)

Major components of income tax expense:

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018 RM'000	**2017 RM'000 (Restated)**	**2018 RM'000**	**2017 RM'000**
Statement of profit or loss:				
Current income tax:				
- Malaysian income tax	21,019	2,704	-	-
- (over)/underprovision in prior years	(209)	(770)	-	145
	20,810	1,934	-	145
Real property gains tax	-	445	-	445
Deferred income tax (Note 22):				
- origination and reversal of temporary differences	(7,851)	(784)	-	-
- underprovision in prior years	-	382	-	-
	(7,851)	(402)	-	-
Income tax expense	12,959	1,977	-	590

11. Income tax expense/(benefit) (contd.)

Reconciliation between tax and accounting profit

The reconciliation of income tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000 (Restated)**	**2018 RM'000**	**2017 RM'000**
Profit/(Loss) before tax	8,931	(37,097)	(12,182)	(11,839)
Tax/(Tax credit) at Malaysian statutory tax rate of 24%	2,143	(8,903)	(2,924)	(2,841)
Different tax rates in other countries	(228)	(430)	-	-
Adjustments:				
Non-deductible expenses	6,825	7,960	2,839	3,776
Income not subject to tax	(905)	(1,057)	-	(29)
Deferred tax assets not recognised	4,074	3,814	939	532
Utilisation of previously unrecognised deferred tax assets	(854)	(1,438)	(854)	(1,438)
Real property gains tax	-	445	-	445
(Over)/Underprovision of tax expense in prior years:				
- current taxation	(209)	(770)	-	145
- deferred tax	-	382	-	-
Deferred tax recognised at different tax rate	2,113	1,974	-	-
Income tax expense recognised in profit or loss	12,959	1,977	-	590

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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12. Loss per share

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	Group	
	2018 RM'000	**2017 RM'000 (Restated)**
Loss net of tax attributable to owners of the parent used in the computation of basic loss per share	(2,294)	(34,610)

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	Number of Shares	
	2018 '000	**2017 '000**
Weighted average number of ordinary shares for basic loss per share computation*	293,566	283,042

*The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions and net of treasury shares.

	2018 sen	**2017 sen (Restated)**
Basic loss per share	(0.78)	(12.23)
Diluted loss per share		

At the date of this report the Company has no other dilutive potential ordinary shares. Accordingly, the diluted loss per share is not presented.

13. Property, plant and equipment

	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Buildings RM'000	Total RM'000
Group					
Cost:					
At 1 January 2017	720	2,417	3,937	5,070	12,144
Reclassification	-	24	(24)	-	-
Additions	-	56	-	-	56
Written off	-	(2)	-	-	(2)
At 31 December 2017 and 1 January 2018	720	2,495	3,913	5,070	12,198
Additions	-	17	-	-	17
At 31 December 2018	720	2,512	3,913	5,070	12,215
Accumulated depreciation:					
At 1 January 2017	635	1,735	2,517	379	5,266
Charge for the year recognised in profit or loss (Note 8)	58	127	390	101	676
Written off	-	(2)	-	-	(2)
At 31 December 2017 and 1 January 2018	693	1,860	2,907	480	5,940
Charge for the year recognised in profit or loss (Note 8)	27	134	390	101	652
At 31 December 2018	720	1,994	3,297	581	6,592
Net carrying amount					
At 31 December 2017	27	635	1,006	4,590	6,258
At 31 December 2018	-	518	616	4,489	5,623

13. Property, plant and equipment (contd.)

	Office renovation RM'000	Motor vehicles RM'000	Office renovation RM'000	Total RM'000
Company				
Cost:				
At 1 January 2017	2,766	642	1,375	4,783
Additions	-	-	56	56
At 31 December 2017 and 1 January 2018	2,766	642	1,431	4,839
Additions	-	-	17	17
At 31 December 2018	2,766	642	1,448	4,856
Accumulated depreciation:				
At 1 January 2017	1,845	556	1,125	3,526
Charge for the year (Note 8)	277	57	59	393
At 31 December 2017 and 1 January 2018	2,122	613	1,184	3,919
Charge for the year (Note 8)	277	29	66	372
At 31 December 2018	2,399	642	1,250	4,291
Net carrying amount				
At 31 December 2017	644	29	247	920
At 31 December 2018	367	-	198	565

Asset held under finance leases

As at the reporting date there was no asset held under finance lease for the Group and for the Company. The carrying amount of motor vehicles for the Group and Company held under finance lease at the previous reporting date was RM29,000 respectively.

Leased assets are pledged as security for the related finance lease liabilities (Note 30(g)).

Two units of terrace shop offices amounting to RM4,489,000 (2017: RM4,590,000) have been pledged to a fixed charge as security for term loans and revolving credit facilities (Note 30).

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14. Intangible assets

	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Group			
Cost:			
At 1 January 2017	197,003	2,103	199,106
Additions	-	17	17
At 31 December 2017, 1 January 2018 and 31 December 2018	197,003	2,120	199,123
Accumulated amortisation and impairment:			
At 1 January 2017	172,499	1,565	174,064
Amortisation (Note 8)	-	184	184
Impairment (Note 8)	6,000	-	6,000
At 31 December 2017 and 1 January 2018	178,499	1,749	180,248
Amortisation (Note 8)	-	169	169
Impairment (Note 8)	5,100	-	5,100
At 31 December 2018	183,599	1,918	185,517
Net carrying amount:			
At 31 December 2017	18,504	371	18,875
At 31 December 2018	13,404	202	13,606

	Computer software RM'000
Company	
Cost:	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	1,372
Accumulated amortisation:	
At 1 January 2017	977
Amortisation (Note 8)	116
At 31 December 2017 and 1 January 2018	1,093
Amortisation (Note 8)	112
At 31 December 2018	1,205
Net carrying amount:	
At 31 December 2017	279
At 31 December 2018	167

14. Intangible assets (contd.)

Impairment testing for goodwill

Goodwill arising from business combinations have been allocated to the individual Group's cash-generating unit ("CGU") for impairment testing.

The carrying amounts of goodwill allocated to the CGU is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Property development	13,404	18,504

The recoverable amount of the CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period.

The key assumptions used in the value-in-use calculations are as follows:

	Property development segment	
	2018	**2017**
Budgeted gross margin	30%	28%
Discount rate	16%	13%

The calculation of value in use for CGU are most sensitive to the following assumptions:

Budgeted gross margin - Gross margins are based on average values achieved in the three years preceding the start of the budget period.

Pre-tax discount rate - The discount rates used are pre-tax and reflect specific risks relating to property development segment.

Sensitivity to changes in assumptions

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the above assumptions with all other variables held constant.

	Increase in loss net of tax 2018 RM'000
Decrease in 1% budgeted gross margin	4,200
Increase in 1% of pre-tax discount rate	2,500

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15. Investment properties

	Shopping Mall RM'000	Terrace Shop office RM'000	Total RM'000
Group			
At 1 January 2017	206,000	119,130	325,130
Re-measurement recognised in profit or loss	(12,000)	1,610	(10,390)
At 31 December 2017 and 1 January 2018	194,000	120,740	314,740
Re-measurement recognised in profit or loss	(11,000)	(120)	(11,120)
At 31 December 2018	183,000	120,620	303,620
Fair value for financial reporting purposes			
Market value as estimated by the external valuer	183,000	120,620	303,620

The Group's completed investment properties consists of a shopping mall and terrace shop offices. The shopping mall and terrace shop offices are classified as Level 3 in the fair value hierarchy. Further details as disclosed in Note 36.

The following properties have been pledged as security for borrowings:

(i) 9 units of terrace shop offices are charged as security for term loans and revolving credit facilities (Note 30(e) and 30(f)); and

(ii) Shopping mall included in the investment properties has been pledged as security for bank loan (Note 30(c)).

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16. Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2018				
Cost				
At 1 January 2018	22,113	331,696	41,130	394,939
Addition	-	-	9,958	9,958
Transfer from property development cost (Note 17(b))	-	71,307	15,446	86,753
Reclassification	-	378	(378)	-
Exchange differences	(1,665)	-	-	(1,665)
At 31 December 2018	20,448	403,381	66,156	489,985
Accumulated impairment losses				
At 1 January 2018	(9,470)	-	-	(9,470)
Addition	(2,563)	-	-	(2,563)
Exchange difference	792	-	-	792
31 December 2018	(11,241)	-	-	(11,241)
Carrying amount				
At 31 December 2018	9,207	403,381	66,156	478,744
Group				
At 31 December 2017				
Cost				
At 1 January 2017	22,675	252,329	22,079	297,083
Addition	-	-	23,992	23,992
Transfer from/(to) property development cost (Note 17(b))	-	79,367	(4,941)	74,426
Exchange differences	(562)	-	-	(562)
At 31 December 2017	22,113	331,696	41,130	394,939
Accumulated impairment losses				
At 1 January 2017	(3,247)	-	-	(3,247)
Addition	(6,592)	-	-	(6,592)
Exchange difference	369	-	-	369
31 December 2017	(9,470)	-	-	(9,470)
Carrying amount				
At 31 December 2017	12,643	331,696	41,130	385,469

17. Inventories

	Group		
	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Properties held for sale (a)			
At cost	70,963	84,443	82,728
At net realisable value	13,953	17,244	17,404
	84,916	101,687	100,132
Properties development costs (b)	74,156	181,330	242,375
	159,072	283,017	342,507

(a) Properties held for sale

Properties held for sale with a carrying amount of RM13,953,000 (2017:RM17,244,000) is charged as security for term loan facilities (Note 30(j)).

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2018				
Cumulative property development costs				
At 1 January 2018	26,962	80,562	493,999	601,523
Costs incurred during the year	-	-	58,196	58,196
Transferred to land held for property development (Note 16)	-	(71,307)	(15,446)	(86,753)
At 31 December 2018	26,962	9,255	536,749	572,966
Cumulative costs recognised in statements of profit or loss				
At 1 January 2018				(420,193)
Recognised during the year				(78,617)
At 31 December 2018				(498,810)
Property development costs at 31 December 2018				74,156

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17. Inventories (contd.)

(b) Property development costs (contd.)

At 31 December 2018

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
At 1 January 2017 and 31 December 2017 (restated)				
Cumulative property development costs				
At 1 January 2017	26,962	160,138	313,284	500,384
Costs incurred during this year	-	-	177,064	177,064
Transferred (to)/from land held for property development (Note 16)	-	(79,367)	4,941	(74,426)
Transferred to inventories	-	(209)	(1,290)	(1,499)
At 31 December 2017	26,962	80,562	493,999	601,523

Cumulative costs recognised in statements of profit or loss	
At 1 January 2017	(264,496)
Effect of the adpotion MFRS 15	6,487
At 1 January 2017 (restated)	(258,009)
Recognised during the year	(162,184)
At 31 December 2017 (restated)	(420,193)
Property development costs at 1 January 2017 (restated)	242,375
Property development costs at 31 December 2017 (restated)	181,330

Included in development expenditure is the cost to obtain contracts relating to commission fee paid to intermediaries as result of obtaining residential property sales contracts. These cost are grouped separately and are charged-out to the cost of sales based on stage of completion method.

	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
As at 1 January	-	-	-
Cost incurred during the year	1,082	-	-
Recognised during the year	(788)	-	-
At 31 December	294	-	-

17. Inventories (contd.)

(b) Property development costs (contd.)

Included in development expenditure is the interior decoration cost as a result of entering into contracts with customers. These cost are group separately and is recognised in the statements of profit or loss when the control is transferred to the recipient.

	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
As at 1 January	20,890	-	-
Cost incurred during the year	2,089	20,890	-
Recognised during the year	(21,078)	-	-
At 31 December	1,901	20,890	-

Included in property development costs is interest expense incurred as follows:

	Group	
	2018 RM'000	2017 RM'000
Interest expense (Note 7)	308	563

The leasehold land held for development was purchased from Perbadanan Kemajuaan Negeri Selangor ("PKNS") in prior years as disclosed in Note 27(b). Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

The freehold land under development with carrying value of RM26,126,000 (2017: RM26,126,000) which has been previously pledged as security for bank loan was fully setted in the previous financial year now has been discharged in this financial year.

The leasehold land held for development with carrying value of RM6,837,000 (2017: RM8,309,000) has been pledged as security for bank loan obtained (Note 30 (d)).

18. Contract assets

	Group		
	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Accrued billings in respect of property development cost (a)	17,923	52,880	28,250
Gross amount due from customers on contract (b)	-	248	1,370
	17,923	53,128	29,620

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18. Contract assets (contd.)

(a) Accrued billings in respect of property development cost

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Contract assets:			
Accrued billings in respect of property development cost	17,923	52,880	28,250
Contract liabilities:			
Progress billing in respect of property development cost (Note 29)	(4,992)	(2,311)	-
	12,931	50,569	28,250

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
At 1 January	50,569	28,250	25,589
Addition	112,431	207,552	230,972
Recognised during the year	(150,069)	(185,233)	(228,311)
At 31 December	12,931	50,569	28,250

The directors of the Group measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

	Group		
	2018 RM'000	2017 RM'000	As at 1 Jan 2017 RM'000
Construction costs incurred to date	5,594	5,155	5,530
Attributable profits	2,656	2,499	2,667
	8,250	7,654	8,197
Less: Progress billings	(8,250)	(7,406)	(6,827)
Amount due from customers on contract	-	248	1,370
Presented as:			
Gross amount due from customers on contract	-	248	1,370
Retention sum on construction contracts included in:			
- trade payables	300	300	301

19. Investment in subsidiaries

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	295,960	295,960

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interests	
				2018	2017	2018	2017
Encorp Construction & Infrastructure Sdn. Bhd.	50,000	Malaysia	Investment holding and construction project management	100	100	-	-
Encorp Must Sdn. Bhd.	10,000	Malaysia	Investment holding and property project management	100	100	-	-
Encorp Development Pty. Ltd.^	+	Australia	Property development	100	100	-	-
Encorp Facilities Management Sdn. Bhd.	*	Malaysia	Facilities management services provider	100	100	-	-

19. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows (contd.):

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interests	
				2018	2017	2018	2017
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd.							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Trading Services Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-

19. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows (contd.):

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interests	
				2018	2017	2018	2017
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	250	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Encorp Bukit Katil Sdn. Bhd.	*	Malaysia	Property development	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.	*	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	2,500	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.	*	Malaysia	Property investment	100	100	-	-

19. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows (contd.):

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interests	
				2018	2017	2018	2017
Subsidiaries of Red Carpet Avenue Sdn. Bhd.							
Etika Tapis Sdn. Bhd.	#	Malaysia	Food and beverage	50	50	50	50
Red Carpet Culinary Sdn. Bhd.	250	Malaysia	Food and beverage	50	50	50	50

^ This entity has no statutory audit requirement
+ Represent paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar each
* Represent paid-up capital of two (2) ordinary shares
# Represent paid-up capital of one hundred (100) ordinary shares

19. Investment in subsidiaries (contd.)

(b) Summarised financial information of Must Ehsan Development Sdn. Bhd. ("MEDSB") and its subsidiaries ("MEDSB Group") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Red Carpet Avenue Sdn. Bhd. group of companies are not material to the Group.

(i) Summarised statements of financial position - MEDSB Group

	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Non-current assets	396,668	391,558	392,482
Current assets	198,505	165,150	219,303
Total assets	595,173	556,708	611,785
Current liabilities	213,187	181,996	163,672
Non-current liabilities	79,795	66,883	125,881
Total liabilities	292,982	248,879	289,553
Net assets	302,191	307,829	322,232
Equity attributable to owners of the Group	304,848	310,481	324,809
Non-controlling interests	(2,657)	(2,652)	(2,577)

(ii) Summarised statements of comprehensive income - MEDSB Group

	2018 RM'000	2017 RM'000 (Restated)
Revenue	91,599	36,742
Loss for the year	(5,451)	(14,403)
Loss representing total comprehensive loss attributable to the owners of the Group	(5,446)	(14,329)
Loss, representing total comprehensive loss attributable to the non-controlling interests	(5)	(74)

(iii) Summarised cash flows - MEDSB group

Net cash generated (used in)/from operating activities	(2,064)	49,663
Net cash generated from investing activities	665	580
Net cash generated/(used in) from financing activities	16,949	(66,056)
Net increase/(decrease) in cash and cash equivalents	15,550	(15,813)
Cash and cash equivalents at beginning of the year	10,378	26,191
Cash and cash equivalents at end of the year	25,928	10,378

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20. Investment in associate

	Group	
	2018 RM'000	**2017 RM'000**
Unquoted shares in Malaysia, at cost	30	30

The associate is being held by one of the wholly-owned subsidiary, Encorp Bukit Katil Sdn. Bhd..

Details of the associate is as follows:

Name of Company	**Country of incorporation**	**Proportion (%) of ownership interest**		**Principal activities**
		2018	**2017**	
Sinmah Encorp Development Sdn. Bhd. ^ (formerly known as Sinmah Development JV Sdn. Bhd.)	Malaysia	30	30	Property investment and contractor

^ Not audited by Deloitte PLT

The associate is dormant and has not commenced operation at the end of the financial year.

21. Trade and other receivables

	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Group			
Current			
Trade receivables			
Amount due from: - third parties	89,294	37,780	84,166
Concession income receivables (a)	136,779	52,490	47,517
	226,073	90,270	131,683
Loss allowance (c)	(6,093)	(5,300)	(4,449)
	219,980	84,970	127,234
Other receivables			
Amount due from holding company (b)	53	53	53
Deposits	5,086	5,071	5,493
Sundry receivables	3,880	2,794	1,986
	9,019	7,918	7,532
Loss allowance (c)	(267)	(259)	(280)
Other receivable, net	8,752	7,659	7,252
Total current receivables	228,732	92,629	134,486
Non-current			
Trade receivables (a)			
Concession income receivables (a)	677,461	814,222	866,693
Other receivables	48,461	48,215	50,148
Long term receivables (d)	(48,461)	(48,215)	(50,148)
Loss allowance (c)	-	-	-
Total non-current receivables	677,461	814,222	866,693
Total trade and other receivables	906,193	906,851	1,001,179

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21. Trade and other receivables (contd.)

	2018 RM'000	2017 RM'000
Company		
Current		
Trade receivables		
Amount due from:		
- third parties	70	70
- subsidiaries (b)	5,873	7,175
	5,943	7,245
Loss allowance (c)	(905)	(905)
	5,038	6,340
Other receivables		
Amount due from:		
-subsidiaries (b)	135,456	126,988
- holding company (b)	53	53
Deposits	685	682
Sundry receivables	170	247
	136,364	127,970
Loss allowance (c)	(36,548)	(33,003)
Other receivable, net	99,816	94,967
Total current receivables	104,854	101,307
Non-current		
Other receivables		
Long term receivables (d)	39,019	38,807
Loss allowance (c)	(39,019)	(38,807)
	-	-
Total trade and other receivables	104,854	101,307

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 days (2017: 14 to 60 day and 2016: 14 to 60 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

21. Trade and other receivables (contd.)

(a) Concession income receivables

	2018 RM'000	2017 RM'000	As at 1 Jan 2017 RM'000
Group			
Concession income receivables:			
Within 1 year	136,779	136,779	136,779
More than 1 year and less than 2 years	136,779	136,779	136,779
More than 2 years and less than 5 years	410,338	410,338	410,338
More than 5 years	558,530	695,310	695,310
	1,242,426	1,379,206	1,379,206
Unearned interest income	(428,186)	(512,494)	(512,494)
	814,240	866,712	866,712
Concession income receivables analysed as:			
Due within one year	136,779	52,490	47,517
Due after one year	677,461	814,222	866,693
	814,240	866,712	914,210

The Group's normal trade credit term on concession income receivables is 21 (2017: 21 days and 2016: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 30(a).

As at reporting date, the Group has a significant concentration of credit risk of 90% (2017: 96% and 2016: 92%) relating to the concession income receivable. The entire concession income receivables are due from the Government of Malaysia.

(b) Amounts due from subsidiaries and holding company

The amounts due from subsidiaries and holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM59,895,000 (2017: RM42,671,000) which bears interest at rates ranging from 5.94% to 6.18% (2017: 5.53% to 9%).

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21. Trade and other receivables (contd.)

(c) Allowance for expected credit losses

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable (either partially of full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

Movement in allowance accounts for trade receivables:

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
At 1 January	5,300	4,449	3,688
Loss allowance (Note 8)			
- Individually assessed	749	1,802	1,747
- Collectively assessed	101	9	178
Written off	(50)	(822)	(822)
Amounts recovered (Note 6)	(7)	(138)	(342)
At 31 December	6,093	5,300	4,449

Company	2018 RM'000	2017 RM'000
At 1 January	905	662
Loss allowance (Note 8)		
- Individually assessed	-	243
At 31 December	905	905

21. Trade and other receivables (contd.)

(c) Allowance for expected credit losses (contd.)

Movement in allowance accounts for other receivables:

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
At 1 January	48,474	50,742	41,205
Loss allowance (Note 8)			
- Individually assessed	254	53	9,537
Amounts recovered (Note 6)	-	(2,321)	-
At 31 December	48,728	48,474	50,742

Company	2018 RM'000	2017 RM'000
At 1 January	71,810	61,495
Loss allowance (Note 8)		
- Individually assessed	3,757*	11,543*
Amounts recovered (Note 6)	-	(1,228)
At 31 December	75,567	71,810

* Included in this amount is an allowance for impairment of RM1,100,000 (2017: RM10,500,000) for amount due from a subsidiary company, namely, Encorp Development Pty. Ltd..

(d) Long term receivables were in relation to the amount due from Pembinaan Legenda Unggul Sdn. Bhd. (formerly known as Encorp Construct Sdn. Bhd.).

22. Deferred tax

Deferred tax as at 31 December relates to the following:

	As at 1 January 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2017 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2018 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	21	(21)	-	(5)	(5)
Progress billings	219,412	(11,399)	208,013	(12,594)	195,419
Investment properties	94	(520)	(426)	(556)	(982)
	219,527	(11,940)	207,587	(13,155)	194,432
Deferred tax assets:					
Tax losses and capital allowances	(187,920)	15,601	(172,319)	15,520	(156,799)
Loan and borrowings	(32,767)	(3,822)	(36,589)	(2,715)	(39,304)
Provisions	(6,780)	(1,523)	(8,303)	(7,501)	(15,804)
	(227,467)	10,256	(217,211)	5,304	(211,907)
	(7940)	(1,684)	(9,624)	(7,851)	(17,475)

22. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Deferred tax assets	(19,690)	(12,534)	(11,478)
Deferred tax liabilities	2,215	2,910	3,538
	(17,475)	(9,624)	(7,940)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	47,645	47,336	405	398
Unabsorbed capital allowances	3,287	2,615	2,788	2,180
Other deductible temporary difference	21,128	9,761	2,374	2,636
	72,060	59,712	5,567	5,214

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act, 1967 which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowances where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses or capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses or capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses. With effect from YA 2019, any unabsorbed capital allowances and unutilised losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. This can be utilised against income from the same business source for unabsorbed capital allowances and utilised against income from any business souce for unutilised losses.

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23. Other current assets

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Prepayments	389	371	168	160
Consideration payable to customers	745	-	-	-
	1,134	371	168	160

Included in the consideration payable to customers are the cost for free maintenance and sales and purchase agreements as a result of entering into contract with customers.

24. Other investments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Amortised cost				
Fixed deposit (a)	4,384	4,741	-	-
Current				
Fair value through profit or loss				
Money market investment securities	111,689	118,331	5,620	2,558

(a) The maturity period of the fixed deposit is 36 months (2017: 36 months) with an effective interest rate of 12% (2017:12%) per annum.

(b) The investment securities are restricted investment scheme in short term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

An amount of RM106,013,000 (2017: RM115,733,000) is held in trust for the holders of the Sukuk Murabahah as disclosed in Note 30(a).

25. Cash and bank balances

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash on hand and at banks (a)	60,857	19,875	1,091	1,254
Deposits with:				
- licensed banks (c)	2,897	2,784	-	-
- a licensed corporation (b)	31	30	-	-
Cash and bank balances	63,785	22,689	1,091	1,254

(a) Included in cash at bank of the Group is an amount of RM29,876,000 (2017: RM9,803,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.

(b) An amount of RM31,000 (2017: RM30,000) held by a licensed corporation in trust for the holders of the Sukuk Murabahah as disclosed in Note 30(a).

(c) The deposits with licensed banks of the Group and of the Company which are pledged or on lien are:

(i) Deposits of RM2,082,000 (2017: RM1,950,000) pledged to a bank for credit facilities granted to a subsidiary; and

.

(ii) Deposits of RM815,000 (2017: RM834,000) pledged to banks as securities for credit facilities granted to subsidiaries (Note 30(b) and (j)).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at reporting date:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash and bank balances	63,785	22,689	1,091	1,254
Add: Disposal group held for sale (Note 26)	100	97	-	-
Less:				
Pledged/Designated	(2,928)	(2,814)	-	-
Bank overdrafts (Note 30(b))	-	(730)	-	-
Cash and cash equivalents	60,957	19,242	1,091	1,254

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 2 months to 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective deposit rates. As at reporting date, the effective interest rates of deposits of the Group and of the Company range from 2.7% to 12% (2017: 2.7% to 12%) and nil (2017: nil) per annum respectively.

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26. Disposal group classified as held for sale

The disposal group classified as held for sale comprise the followings assets of the Group:

- In previous financial years, Red Carpet Avenue Sdn. Bhd. ("RCASB") has exercised its right for the put option pursuant to Clause 10 of the Shareholders Agreement, to dispose of Etika Tapis Sdn. Bhd.. The latter being the subsidiary of RCASB, which in turn is an indirect subsidiary of the Company, who is operating a food & beverage business; and

- In previous financial years, RCASB has exercised its right for the put option pursuant to Clause 10 of the Shareholder Agreement, to dispose of Red Carpet Culinary Sdn. Bhd.. The latter being the subsidiary of Red Carpet Avenue Sdn. Bhd., which in turn is an indirect subsidiary of the Company, who is operating a food & beverage business.

As of the date of this report, the agreement is pending for execution.

The details of the assets and liabilities classified as held for sale are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Current asset		
Cash and bank balances, representing the asset of disposal group classified as held for sale	100	97
Current liability		
Trade and other payables, representing the liability of disposal group classified as held for sale	950	945

27. Trade and other payables

Group	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Current			
Trade payables			
Amount due to:			
- third parties (a)	30,392	17,857	36,555
- corporate shareholder of a subsidiary (b)	4,812	5,412	29,455
- ultimate holding body (f)	170,028	110,500	70,000
	205,232	133,769	136,010
Other payables			
Amounts due to:			
- immediate holding company (e)	9,315	8,822	14,129
Sundry payables	26,094	26,309	24,506
Provision for short-term accumulating compensated absences (d)	215	258	266
Other accruals	69,988	62,581	34,366
	105,612	97,970	73,267
	310,844	231,739	209,277
Non-current			
Trade payables			
Retention sum on construction contracts	17,235	19,488	24,044
Amount due to ultimate holding body (f)	239,227	281,122	310,390
	256,462	300,610	334,434
Total trade and other payables	567,306	532,349	543,711

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27. Trade and other payables (contd.)

Company	2018 RM'000	2017 RM'000
Current		
Other payables		
Amount due to:-		
-subsidiaries (c)	37,713	17,030
- immediate holding company (e)	9,315	8,822
Sundry payables	867	994
Provision for short-term accumulating compensated absences (d)	74	103
Other accruals	7,102	7,931
	55,071	34,880

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 60 days (2017: 14 to 60 days).

(b) Corporate shareholder of a subsidiary refers to Perbadanan Kemajuan Negeri Selangor ("PKNS"). These are amounts due to PKNS in relation to the purchase of two plots of land in year 2000, namely:

(i) a 209.7 acre plot of land at U12 Shah Alam, Selangor Darul Ehsan; and

(ii) approximately 45 acre plot of land at Pusat Bandar I, Pusat Bandar Kota Damansara for development as a mixed development project.

The outstanding amount is repayable to PKNS progressively in tandem with the progress billings issued to purchasers of the properties and is payable to PKNS within 2 weeks from the date of collection of the progress billings.

(c) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(d) The movement of provision for short term accumulating compensated absences is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of financial year	258	266	103	101
Recognised in statement of comprehensive income (Note 9)	206	2	69	2
Utilised during the year	(249)	(10)	(98)	-
At end of financial year	215	258	74	103

(e) Amount due to immediate holding company is unsecured, repayable on demand and bears interest rate range from 4.95% to 5.06% (2017: 4.35% to 5.03%) except for an amount of RM5,725,000 which bears interest rate of 6% (2017:6%).

(f) Amount due to ultimate holding body in relation to the purchase of leasehold land measuring approximately 640.98 acres via wholly-owned subsidiary which is repayable over a period of thirteen (13) years commencing from year 2016 up until 2029.

28. Other current liabilities

	Group	
	2018 RM'000	**2017 RM'000**
Current		
Provision for liability - Liquidated and Ascertained Damages (a)	16,439	64,776
Provision for affordable housing obligations (b)	34,951	35,837
	51,390	100,613

(a) Provision for liability - Liquidated and Ascertained Damages

Provision for liability made in the current financial year is in respect of estimated delay damages for property development projects undertaken by the Group. Amount recognised in statements of profit or loss is as disclosed in Note 8 and is recognised based on stage of completion method.

	Group RM'000
Current	
At 1 January 2018	64,776
Reversal	(17,878)
Repayment	(30,459)
At 31 December 2018	16,439
At 1 January 2017	30,326
Additions	41,298
Repayment	(6,848)
At 31 December 2017	64,776

(b) Provision for affordable housing obligations

	Group RM'000
Current	
At 31 December 2017 and 1 January 2018	35,837
Reversal	(886)
At 31 December 2018	34,951

29. Contract liabilities

Group	**2018 RM'000**	**2017 RM'000 (Restated)**	**As at 1 Jan 2017 RM'000 (Restated)**
Current			
Progress billing in respect of property development cost (Note 18(a))	4,992	2,311	-

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30. Loans and borrowings

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Secured:					
Sukuk Murabahah	a	56,254	54,708	-	-
Bank overdraft	b	-	730	-	-
Term loan 1	c	13,502	13,502	-	-
Bridging loan	d	7,487	-	-	-
Revolving credit 1	e	3,350	3,350	-	-
Revolving credit 2	c	12,500	12,500	-	-
Revolving credit 3	f	15,000	15,000	15,000	15,000
Obligations under finance leases (Note 31(a))	g	-	22	-	22
		108,093	99,812	15,000	15,022
Unsecured:					
Revolving credit 4	h	5,000	5,000	5,000	5,000
Revolving credit 5	i	3,000	5,000	3,000	5,000
		8,000	10,000	8,000	10,000
		116,093	109,812	23,000	25,022
Non-current					
Secured:					
Sukuk Murabahah	a	785,021	841,276	-	-
Term loan 1	c	45,662	58,581	-	-
Term loan 2	j	8,558	9,255	-	-
Bridging loan	d	22,512	-	-	-
		861,753	909,112	-	-
Total loans and borrowings		977,846	1,018,924	23,000	25,022

The remaining maturities of loans and borrowings as at 31 December 2018 are as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
On demand or within one year	116,093	109,812	23,000	25,022
More than 1 year and less than 2 years	85,139	79,010	-	-
More than 2 years and less than 5 years	282,445	255,718	-	-
5 years or more	494,169	574,384	-	-
	977,846	1,018,924	23,000	25,022

30. Loans and borrowings (contd.)

(a) Sukuk Murabahah

On 18 May 2012, a subsidiary issued Islamic Securities ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

(i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;

(ii) to fund the Trustees' Reimbursement Account; and

(iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 8.37% to 10.40% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

(i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;

(ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and

(iii) first ranking charge and assignment of the designated accounts which include:

- an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk Murabahah) are to be deposited and shall be operated solely by the Security Trustee; and

- a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk Murabahah falling due and payable and shall be solely operated by the Security Trustee.

The major covenants that are required to be complied by the subsidiary are as follows:

(i) to maintain a Finance Service Cover Ratio ("FSCR") of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and

(ii) to maintain an amount equivalent to the next immediate profit payment in the FSRA at least three 3 months prior to such profit payment due date.

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30. Loans and borrowings (contd.)

(b) Bank overdraft

Bank overdraft is denominated in RM, bears interest at base lending rate ("BLR") + 1.25% per annum, and is secured by short-term deposit (Note 25(c)) and corporate guarantee provided by the Company.

(c) Term loan 1 and revolving credit 2

Term loan 1 consists of two term loans which are at bank's one-month effective cost of funds + 1.75% per annum and at bank's one-month effective cost of funds + 1.35% per annum. Revolving credit 2 of RM12.5 million is at effective cost of funds + 1.75% per annum.

These loans are secured by a fixed charge over the Group's four units of terrace shop offices (Note 13 and 15), leasehold land (Note 15), assignment over the project account and debenture over fixed and floating charge.

(d) Bridging loan

Bridging loan is at profit rate: 12.00% per annum, effective cost of funds + 1.25% per annum.

Bridging loan is secured against first party first legal charge over 266 plots of vacant residential terraced lot and a parcel of vacant residential leasehold land (Note 17), assignment of company's rights, titles, benefits and interests in respect of the "construction contract" with its main-contractor and the related insurance/performance bond thereto, legal charge and assignment over the designated accounts, irrevocable letter of undertaking by company to top-up any shortfall of funds and specific project debenture.

(e) Revolving credit 1

Revolving credit 1 is at effective cost of funds + 1.25% per annum.

Two units of terrace shop offices have been charged for the revolving credit 1 facility (Note 15) together with the assignment of rental proceeds and corporate guarantee provided by the Company.

(f) Revolving credit 3

Revolving credit is at cost of funds + 2% per annum. Five units of terrace shop offices have been charged for the revolving credit facility 3 (Note 15).

(g) Obligations under finance leases

These obligation are secured by a charge over the leased assets (Note 13).

(h) Revolving credit 4

Revolving credit is at cost of funds + 1.50% per annum.

(i) Revolving credit 5

Revolving credit is at cost of funds + 1.75% per annum.

(j) Term loan 2

Term loan 2 is at 3.72% per annum. The loan is secured by a fixed deposit (Note 25(c)), three penthouse unit located at Western Australia (Note 17(a)), corporate guarantee provided by the Company and a deed of subordination.

31. Commitments

(a) Finance lease commitments

	2018 RM'000	2017 RM'000
Group and Company		
Minimum lease payments:		
Not later than 1 year	-	23
Less: Amounts representing finance charges	-	(1)
Present value of finance lease liabilities	-	22
Present value of minimum payments:		
Not later than 1 year	-	22
Less: Amount due within 12 months (Note 30)	-	(22)
Amount due after 12 months (Note 30)	-	-

The hire purchase and leasing payables of the Group and of the Company have been settled during the course of the year. The interest for this is 2.5% (2017: 2.5%) per annum.

(b) Operating lease commitments - as lessee

The Group and the Company have entered into operating leases on certain items of machinery and office premises, with lease terms between three and fifteen years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than 1 year	2,296	2,185	2,222	2,128
Later than 1 year but not later than 5 years	9,523	9,197	9,474	9,154
More than 5 years	21,175	23,694	21,175	23,694
	32,994	35,076	32,871	34,976

(c) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between six months to three years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than 1 year	3,807	2,413
Later than 1 year but not later than 5 years	2,189	2,223
	5,996	4,636

32. Share capital, treasury shares and share premium

	Group and Company					
	Number of ordinary		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 1 January 2017	278,648,016	(386,000)	278,648	104,302	382,950	(327)
Transactions with owners						
Private placement exercise	15,304,401	-	9,948	-	9,948	-
Transfer arising from "no par value" regime	-	-	104,302	(104,302)	-	-
At 31 December 2017 and 1 January 2018	293,952,417	(386,000)	392,898	-	392,898	(327)
Transactions with owners						
Movement during the year	-	-	-	-	-	-
At 31 December 2018	293,952,417	(386,000)	392,898	-	392,898	(327)

32. Share capital, treasury shares and share premium (contd.)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Pursuant to the Companies Act, 2016 ('Act') which came into effect on 31 January 2017, the concept of authorised capital has been abolished and all shares issued before or upon the commencement of the Act shall have no par or nominal value. Consequently, the amount standing to the credit of the Company's share premium account becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof.

In the previous financial year, the Company had undertaken a corporate proposal of private placement of up to 27,864,801 new ordinary shares representing up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares).

On 7 September 2017, pursuant to a private placement, the Company had increased its issued and paid-up ordinary share capital from RM278,648,016 to RM288,595,877 by way of the issuance of 15,304,401 ordinary shares of RM0.65 each.

The Company has subsquently on the 22 March 2019 completed the above private placement corporate proposal by issuing and listing the remaining 12,521,800 ordinary shares at RM0.35 each.

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32. Share capital, treasury shares and share premium (contd.)

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2018, the Company held as treasury shares a total of 386,000 of its 293,952,417 issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,732.

33. Other reserves

	Foreign currency translation reserve RM'000
Group	
At 1 January 2017	180
Other comprehensive income	
Foreign currency translation	884
At 31 December 2017 and 1 January 2018	1,064
Foreign currency translation	2,146
At 31 December 2018	3,210

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

34. Financial guarantees

The Company has provided the following guarantees at the reporting date:

A corporate guarantees given to banks of RM11,908,000 (2017: RM5,836,000) for credit facilities granted to subsidiaries.

The carrying amount of the guarantee is established as the amount of loss allowance calculated in accordance with MFRS 9.

At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate, and concluded that there has not been a significant increase in the credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contract issued by the Group is measured at an amount equal to 12-month ECL.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

35. Related party disclosures

(a) Sales and purchases of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2018 RM'000	2017 RM'000
Group		
Construction projection management charged to MSM Sugar Refinery (Johor) Sdn. Bhd. (i)	(796)	-
Comprehensive facilities management fees to ultimate holding body	(8,160)	(8,430)
Interest charged on advances from immediate holding company	494	693
Legal service from a firm related to a director of the Company	96	125
Company		
Management fees charged to subsidiaries (ii):		
- Encorp Trading Services Sdn. Bhd.	(120)	(120)
- Encorp Must Sdn. Bhd.	(480)	(480)
- Encorp Systembilt Sdn. Bhd.	(600)	(600)
- Must Ehsan Development Sdn. Bhd.	(600)	(600)
- Encorp Development Sdn. Bhd.	(120)	(120)
- Encorp Iskandar Development Sdn. Bhd.	(600)	(600)
- Encorp Bukit Katil Sdn. Bhd.	(600)	(600)
- Encorp Strand Mall Sdn. Bhd.	(600)	(600)

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35. Related party disclosures (contd.)

- Encorp Construction & Infrastructure Sdn. Bhd.	(480)	(480)
- Encorp Facilities Management Sdn. Bhd.	(180)	(180)
Rental payable to subsidiary (iii):		
- Encorp Strand Mall Sdn. Bhd.	568	568
Interest charged to subsidiaries:		
- Must Ehsan Development Sdn. Bhd.	(216)	(261)
- Encorp Must Sdn. Bhd.	(233)	(223)
- Encorp Trading Services Sdn. Bhd.	(7)	(8)
- Encorp Construction & Infrastructure Sdn. Bhd.	(20)	(24)
Coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. (iv)	(2,547)	(1,915)

(i) MSM Sugar Refinery (Johor) Sdn. Bhd. ("MSM Johor"), which is in the business of the production and refining of sugar products, is a wholly-owned subsidiary of MSM Malaysia Holdings Bhd., which is a direct subsidiary of Felda Global Venture Holdings Bhd., a 33.7% associate of Felda. MSM Johor is a related party to the Group by virtue of Felda's indirect equity interest of 17.2% in MSM Johor.

(ii) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable on demand.

(iii) The rental payable to the subsidiary has been entered into in the normal course of business and is repayable on demand.

(iv) The coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. ("MEDSB") is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

Information regarding outstanding balances arising from related party transactions as at 31 December 2018 and 31 December 2017 are disclosed in Notes 21 and 27.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Salaries and other emoluments	446	1,395	445	1,393
Contributions to defined contribution plans	55	167	55	167
Other staff related expenses	77	15	77	15
	578	1,577	577	1,575

35. Related party disclosures (contd.)

(b) Compensation of key management personnel (contd.)

Included in the total remuneration of key management personnel is:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors' remuneration (Note 10)	113	876	112	874

36. Fair value measurements

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2
Valuation techniques for which the lowers level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 31 December 2018				
Investment properties (Note 15):				
- Shopping mall	-	-	183,000	183,000
- Terrace shop office	-	-	120,620	120,620
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 24)	-	111,689	-	111,689
	-	111,689	303,620	415,309

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36. Fair value measurements (contd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 31 December 2017				
Investment properties (Note 15):				
- Shopping mall	-	-	194,000	194,000
- Terrace shop office	-	-	120,740	120,740
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 24)	-	118,331	-	118,331
	-	118,331	314,740	433,071
Company				
At 31 December 2018				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 24)	-	5,620	-	5,620
	-	5,620	-	5,620
Company				
At 31 December 2017				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 25)	-	2,558	-	2,558
	-	2,558	-	2,558

36. Fair value measurements (contd.)

Description of valuation techniques used and key inputs to valuation on investment properties measured at level 3:

Property category	Valuation technique	Significant unobservable inputs	Range
At 31 December 2018			
Terrace Shop office	Market comparable approach	Different in location, time factor, size, land usage, tenure and main road	10% - 20%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates	RM1.50 to RM12.00 psf RM1.50 psf 10% 7%
At 31 December 2017			
Terrace Shop office	Market comparable approach	Different in location, time factor, size, land usage, tenure and main road	5% - 15%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates	RM2.00 to RM21.50 psf RM1.50 psf 10% 7%

Terrace shop offices

In arriving at the market value, the valuer adopted the market comparison method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidence involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, land usage, tenure and proximity to the main road.

Shopping mall

The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties ("estimated rental rates"); deducting all reasonable annual operating expenses ("outgoings") (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate ("reversionary yield rates") of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance coverage, repairs and maintenance and management, are deducted from gross rental income together with allowance for void ("allowance for void").

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36. Fair value measurements (contd.)

Sensitivity analysis for fair value of the shopping mall

The following table demonstrates the sensitivity of the fair value and the impact to the profit and loss to the changes in estimated rental rate, outgoings, allowance for void and reversionary yield rate with all other variables held constant.

		Increase/ (Decrease) RM '000
Estimated rental rates	+ 10%	23,000
	- 10%	(23,000)
Outgoings	+ 10%	(5,000)
	- 10%	5,000
Void rates	+ 1%	(1,000)
	- 1%	1,000
Reversionary yield rates	+ 1%	(23,000)
	- 1%	30,000

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (non-current and current)	21
Other investments	24
Cash and bank balances	25
Trade and other payables (non-current and current)	27
Loans and borrowings (non-current and current)	30

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

36. Fair value measurements (contd.)

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed was to default.

Categories of financial instrument:

Group	Note	2018 RM'000	2017 RM'000 (Restated)	As at 1 Jan 2017 RM'000 (Restated)
Financial assets				
At amortised costs:				
Trade and other receivables	21	906,193	906,851	1,001,179
Other investment	24	4,384	4,741	4,857
Cash and bank balances	25	63,785	22,689	62,843
At FVTPL:				
Other investment	24	111,689	118,331	113,267
Financial liabilities				
At amortised costs:				
Trade and other payables	27	567,306	532,349	543,711
Borrowings	30	977,846	1,018,924	1,158,664
Company				
Financial assets				
At amortised costs:				
Trade and other receivables	21	104,854	101,307	110,585
Cash and bank balances	25	1,091	1,254	292
At FVTPL:				
Other investment	24	5,620	2,558	15
Financial liabilities				
At amortised costs:				
Trade and other payables	27	55,071	34,880	41,440
Borrowings	30	23,000	25,022	40,065

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37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and bank balances and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Exposure to credit risk

As at the reporting date, the Group has a concentration of credit risk as disclosed in Note 21. Apart from this, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

Group	2018		2017	
	RM'000	% of total	RM'000	% of total
By industry sectors				
Concessionaire sector	814,240	90%	866,712	96%
Property development sector	70,901	8%	27,506	3%
Investment property	8,262	1%	6,651	-*
Other sector	10,130	1%	3,623	-*
	903,533	100%	904,492	100%

* Less than 1% of total receivables

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

37. Financial risk management objectives and policies (contd.)

(b) Liquidity risk management (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2018				
Financial liabilities:				
Trade and other payables (excluding provision)	310,629	310,735	132,600	753,964
Loans and borrowings	216,165	646,621	615,160	1,477,946
Total undiscounted financial liabilities	526,794	957,356	747,760	2,231,910
2017 (Restated)				
Financial liabilities:				
Trade and other payables (excluding provision)	231,481	345,888	152,200	729,569
Loans and borrowings	216,785	771,087	615,160	1,603,032
Total undiscounted financial liabilities	448,266	1,116,975	767,360	2,332,601
Company				
2018				
Financial liabilities:				
Trade and other payables (excluding provision)	54,997	-	-	54,997
Loans and borrowings	24,401	-	-	24,401
Total undiscounted financial liabilities	79,398	-	-	79,398
2017				
Financial liabilities:				
Trade and other payables (excluding provision)	34,777	-	-	34,777
Loans and borrowings	26,485	-	-	26,485
Total undiscounted financial liabilities	61,262	-	-	61,262

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37. Financial risk management objectives and policies (contd.)

(c) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM256,000 (2017: RM249,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group hold cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM4,384,000 (2017: RM4,741,000) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

	Group	
	2018 RM'000	**2017 RM'000**
AUD/RM - strengthened 8% (2017: 2%)	835	(164)
- weakened 8% (2017: 2%)	(835)	164

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings (excluding Sukuk), trade and other payables, less cash and bank balances, fixed deposits and investment securities. Capital refers to equity attributable to the owners of the parent.

		Group		Company	
	Note	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Loans and borrowings	30	977,846	1,018,924	23,000	25,022
Trade and other payables	27	567,306	532,349	55,071	34,880
Less: Sukuk	30	(841,275)	(895,984)	-	-
Less: Cash and bank balances	25	(63,785)	(22,689)	(1,091)	(1,254)
Less: Fixed deposits	24	(4,384)	(4,741)	-	-
Less: Investment securities	24	(111,689)	(118,331)	(5,620)	(2,558)
Net debt		524,019	509,528	71,360	56,090
Equity attributable to the owners of the parent		392,554	392,702	330,345	342,527
Total capital		392,554	392,702	330,345	342,527
Capital and net debt		916,573	902,230	401,705	398,617
Gearing ratio		57%	56%	18%	14%

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk do not have any financial recourse to the Group.

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39. Segment information

For management purposes, the Group is organised into six main business units based on their products, and has six reportable operating segments as follows:

(i) Investment holding and the provision of management services;

(ii) Concessionaire;

(iii) Construction management;

(iv) Property development;

(v) Investment property; and

(vi) Others - Trading of building materials, food and beverage operation and provision of facilities management.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

39. Segment information (contd.)

	Investment and the provision of management services	Concessionaire	Property development	Investment property	Construction project management	Others *	Adjustment and eliminations	Notes	Per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2018									
Revenue									
External customers	-	84,308	160,205	5,852	580	9,014	-		259,959
Inter-segment	30,886	-	-	1,214	-	-	(32,100)	A	-
Total revenue	30,886	84,308	160,205	7,066	580	9,014	(32,100)		259,959
Results:									
Interest income and distribution income	3,254	4,341	12,133	1	-	26	(12,187)		7,568
Interest expense	2,255	84,351	8,075	9,142	20	37	(12,187)		91,693
Depreciation and amortisation	(533)	-	(74)	(107)	-	(6)	(101)		(821)
Rental income	-	-	432	-	-	-	-		432
Other non-cash income	4	117	1,728	5	-	-	-	B	1,854
Fair value loss on investment property	-	-	-	(10,790)	-	-	(330)		(11,120)
Segment (loss)/profit	11,285	3,410	28,864	(21,220)	(1,703)	(845)	(23,819)		(4,028)
Assets:									
Additions to non-current assets	17	-	9,958	-	-	-	-	C	9,975
Segment assets	448,863	941,276	1,127,256	325,389	54,435	10,317	(821,359)	D	2,086,177
Segment liabilities	80,252	844,669	829,906	320,018	9,855	37,774	(513,462)	E	1,609,012

*Inclusive facilities management and other entities in property investment and food and beverage

39. Segment information (contd.)

	Investment and the provision of management services	Concessionaire	Property development	Investment property	Construction project management	Others *	Adjustment and eliminations	Notes	Per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2017 (Restated)									
Revenue									
External customers	-	89,281	139,559	5,548	-	8,430	-		242,818
Inter-segment	10,663	-	-	1,395	-	-	(12,058)	A	-
Total revenue	10,663	89,281	139,559	6,943	-	8,430	(12,058)		242,818
Results:									
Interest income and distribution income	2,622	4,311	9,979	4	-	25	(10,736)		6,205
Interest expense	2,665	89,126	8,724	8,243	23	95	(10,736)		98,140
Depreciation and amortisation	(557)	-	(77)	(120)	-	(5)	(101)		(860)
Rental income	-	-	455	-	-	-	-		455
Other non-cash income	10,121	64	3,699	404	6	134	(6,744)		7,684
Fair value gain on investment property	-	-	-	(10,160)	-	-	(230)	B	(10,390)
Segment (loss)/profit	(11,734)	3,416	(6,194)	(20,624)	(2,852)	(922)	(164)		(39,074)
Assets:									
Additions to non-current assets	56	-	23,992	-	-	17	-	C	24,065
Segment assets	430,277	994,135	1,097,544	335,193	54,656	4,414	(779,021)	D	2,137,198
Segment liabilities	72,423	900,862	812,193	308,063	8,343	31,200	(474,933)	E	1,658,151

* Inclusive facilities management and other entities in property investment and food and beverage

39. Segment information (contd.)

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	Note	2018 RM'000	2017 RM'000
Other Income-Purchasers related income	6	947	47
Other income		900	3,037
Reversal of impairment on receivables		7	2,459
Gain on disposal of leasehold land		-	2,141
		1,854	7,684

C Additions to non-current assets consist of:

	Note	2018 RM'000	2017 RM'000
Property, plant and equipment	13	17	56
Intangible assets	14	-	17
Land held for property development	16	9,958	23,992
		9,975	24,065

D The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2018 RM'000	2017 RM'000
Deferred tax assets	22	19,690	9,548
Tax recoverable		584	10,067
Inter-segment assets		(841,633)	(798,636)
		(821,359)	(779,021)

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39. Segment information (contd.)

E The following items were added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2018 RM'000	2017 RM'000
Current tax payable		4,313	99
Deffered tax liabilities	22	2,215	2,910
Inter-segment liabilities		(519,991)	(477,942)
		(513,463)	(474,933)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Malaysia	259,959	242,818	792,386	712,699
Australia	-	-	9,207	12,643
	259,959	242,818	801,593	725,342

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2018 RM'000	2017 RM'000
Property, plant and equipment	13	5,623	6,258
Intangible assets	14	13,606	18,875
Investment properties	15	303,620	314,740
Land held for property development	16	478,744	385,469
		801,593	725,342

40. Transition to MFRS framework

As disclosed in Note 2, these are the first financial statements of the Group and of the Company prepared in accordance with MFRS Framework. The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and the opening statement of financial position at 1 January 2017.

The effect of the Group's transition to MFRSs are as follows:

Effects of MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied. The Group did not elect any exemptions and the basis adopted previously are consistent with MFRS.

Effects of MFRS 15 "Revenue from Contracts with Customers"

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

In applying MFRS 15 retrospectively in accordance with the transition provisions of MFRS 1 as a first time adopter, the Group applied the practical expedient on completed contracts, contracts that begin and end within the same annual reporting period were not restated.

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

(i) it requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration or deferment of revenue recognition relating to these separate performance obligations depending on when the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;

(ii) it requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and

(iii) it views liquidated ascertained damages payable when the developer fails to deliver vacant possession within the stipulated period as variable consideration and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

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40. Transition to MFRS framework (contd.)

Effects of MFRS 9 "Financial Instruments"

In the current financial year, the Group has applied MFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other MFRS Standards that are effective for the annual period that begins on or after 1 January 2018.

MFRS 9 introduced new requirements for:

(i) The classification and measurement of financial assets and financial liabilities;
(ii) Impairment of financial assets; and
(iii) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has adopted the full retrospective method in accordance with the transition provisions set out in MFRS 9.

(i) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of MFRS 9) is 1 January 2017. Accordingly, the Group has applied the requirements of MFRS 9 to instruments that continue to be recognised as at 1 January 2017 and has not applied the requirements to instruments that have already been de-recognised as at 1 January 2017. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of MFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured subsequently at fair value through other comprehensive income ("FVTOCI"); and

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2017 based on the facts and circumstances that existed at that date and concluded that the initial application of MFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's trade and other receivables, deposits, cash and bank balances classified as loans and receivables under FRS 139 Financial Instruments: Recognition and Measurement that were measured at amortised cost continue to be measured at amortised cost under MFRS 9 because they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding;

40. Transition to MFRS framework (contd.)

Effects of MFRS 9 "Financial Instruments" (contd.)

(i) Classification and measurement of financial assets (contd.)

- the Group's other investments that were classified as financial assets designated at FVTPL under FRS 139 continue to be classified as financial assets at FVTPL because they are held within a business model whose objective is both to collect cash flows and to sell but it does not give rise to a contractual payments of principal and interest on the amount invested;

None of the reclassifications of financial assets have had any material impact on the Group's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

The financial effects of the first-time adoption of the MFRS Framework and changes in certain comparative amounts to conform with the current year financial statements presentation for the Group are as follows:

(a) Consolidated statement of financial position

At 1 January 2017

Group	Audited as at 1 Jan 2017 RM'000	Effect of adopting the MFRS frame-work RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated as at 1 Jan 2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	6,878	-	-	-	6,878
Intangible assets	25,042	-	-	-	25,042
Investment properties	325,130	-	-	-	325,130
Investment in associate	-	-	-	-	-
Land held for property development	293,836	-	-	-	293,836
Trade and other receivables	866,693	-	-	-	866,693
Other investments	4,857	-	-	-	4,857
Deferred tax assets	9,774	-	1,704	-	11,478
	1,532,210	-	1,704	-	1,533,914
Current assets					
Property development costs	235,888	(235,888)	-	-	-
Inventories	100,132	235,888	6,487	-	342,507
Contract assets	-	-	29,620	-	29,620
Tax recoverable	5,185	-	-	-	5,185
Trade and other receivables	134,664	-	-	(178)	134,486
Other current assets	44,152	-	(43,208)	-	944
Other investments	113,267	-	-	-	113,267
Cash and bank balances	62,843	-	-	-	62,843
	696,131	-	(7,101)	(178)	688,852
Assets of disposal group classified as held for sale	23,087	-	-	-	23,087
	719,218	-	(7,101)	(178)	711,939
Total assets	2,251,428	-	(5,397)	(178)	2,245,853

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40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

At 1 January 2017

	Audited as at 1 Jan 2017 RM'000	Effect of adopting the MFRS frame-work RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated as at 1 Jan 2017 RM'000
Equity and liabilities					
Current liabilities					
Trade and other payables	209,277	-	-	-	209,277
Other current liabilities	30,326	-	-	-	30,326
Contract liabilities	-	-	-	-	-
Loans and borrowings	141,623	-	-	-	141,623
Income tax payable	1,391	-	-	-	1,391
	382,617	-	-	-	382,617
Liabilities directly associated with disposal group classified as held for sale	934	-	-	-	934
	383,551	-	-	-	383,551
Net current assets	335,667	-	(7,101)	(178)	328,388
Non-current liabilities					
Trade and other payables	334,434	-	-	-	334,434
Loans and borrowings	1,017,041	-	-	-	1,017,041
Deferred tax liabilities	3,538	-	-	-	3,538
	1,355,013	-	-	-	1,355,013
Total liabilities	1,738,564	-	-	-	1,738,564
Net assets	512,864	-	(5,397)	(178)	507,289
Equity attributable to owners of the parent					
Share capital	278,648	-	-	-	278,648
Share premium	104,302	-	-	-	104,302
Treasury shares	(327)	-	-	-	(327)
Other reserves	180	-	-	-	180
Retained earnings	39,199	-	(5,397)	(125)	33,677
	422,002	-	(5,397)	(125)	416,480
Non-controlling interest	90,862	-	-	(53)	90,809
Total equity	512,864	-	(5,397)	(178)	507,289
Total equity and liabilities	2,251,428	-	(5,397)	(178)	2,245,853

40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

At 31 December 2017

Group	Audited 2017 RM'000	Effect of adopting the MFRS frame-work RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated 2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	6,258	-	-	-	6,258
Intangible assets	18,875	-	-	-	18,875
Investment properties	314,740	-	-	-	314,740
Investment in associate	30	-	-	-	30
Land held for property development	385,469	-	-	-	385,469
Trade and other receivables	814,222	-	-	-	814,222
Other investments	4,741	-	-	-	4,741
Deferred tax assets	9,548	-	2,986	-	12,534
	1,553,883	-	2,986	-	1,556,869
Current assets					
Property development costs	157,082	(157,082)	-	-	-
Inventories	101,687	157,082	24,248	-	283,017
Contract assets	-	-	53,128	-	53,128
Tax recoverable	10,067	-	-	-	10,067
Trade and other receivables	92,816	-	-	(187)	92,629
Other current assets	91,534	-	(91,163)	-	371
Other investments	118,331	-	-	-	118,331
Cash and bank balances	22,689	-	-	-	22,689
	594,206	-	(13,787)	(187)	580,232
Assets of disposal group classified as held for sale	97	-	-	-	97
	594,303	-	(13,787)	(187)	580,329
Total assets	2,148,186	-	(10,801)	(187)	2,137,198

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40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

At 31 December 2017

	Audited 2017 RM'000	Effect of adopting the MFRS frame-work RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated 2017 RM'000
Equity and liabilities					
Current liabilities					
Trade and other payables	233,082	-	(1,343)	-	231,739
Other current liabilities	102,924	-	(2,311)	-	100,613
Contract liabilities	-	-	2,311	-	2,311
Loans and borrowings	109,812	-	-	-	109,812
Income tax payable	99	-	-	-	99
	445,917	-	(1,343)	-	444,574
Liabilities directly associated with disposal group classified as held for sale	945	-	-	-	945
	446,862	-	(1,343)	-	445,519
Net current assets	147,441	-	(12,444)	(187)	134,810
Non-current liabilities					
Trade and other payables	300,610	-	-	-	300,610
Loans and borrowings	909,112	-	-	-	909,112
Deferred tax liabilities	2,910	-	-	-	2,910
	1,212,632	-	-	-	1,212,632
Total liabilities	1,659,494	-	(1,343)	-	1,658,151
Net assets	488,692	-	(9,458)	(187)	479,047
Equity attributable to owners of the parent					
Share capital	392,898	-	-	-	392,898
Treasury shares	(327)	-	-	-	(327)
Other reserves	1,064	-	-	-	1,064
Retained earnings	8,656	-	(9,458)	(131)	(933)
	402,291	-	(9,458)	(131)	392,702
Non-controlling interest	86,401	-	-	(56)	86,345
Total equity	488,692	-	(9,458)	(187)	479,047
Total equity and liabilities	2,148,186	-	(10,801)	(187)	2,137,198

40. Transition to MFRS framework (contd.)

(a) Consolidated statement of financial position (contd.)

Reconcilation on the adoption of the MFRS Framework, MFRS 15 and MFRS 9 on the Statement of Financial Position

At 1 January 2017

Notes:

(i) The effect of transition to MFRS framework resulted in the reclassfication of property development costs to inventories of RM235,888,000.

(ii) The MFRS 15 adjustments are mainly due to:

- the reclassifcation of the following:
  - RM41,838,000 from accrued billing from other current assets to contract assets.
  - RM1,370,000 from gross amount due from customers on contract from other current assets to contract assets.

- the adjustments pertaining to the identification of separate performance obligations as a result of the change in timing of regconition from over time to point in time:
  - RM13,588,000 from revenue to contract assets.
  - RM6,487,000 from cost of sales to inventories.
  - RM1,704,000 for tax adjustment.

(iii) The MFRS 9 adjustment is due to the additional provision for loss allowance of RM178,000.

At 31 December 2017

Notes:

(i) The effect of transition to MFRS framework resulted in the reclassfication of property development costs to inventories of RM157,082,000.

(ii) The MFRS 15 adjustments are mainly due to:

- the reclassifcation of the following:
  - RM90,915,000 accrued billing from other current assets to contract assets.
  - RM248,000 gross amount due from customers on contract from other current assets to contract assets.
  - RM2,311,000 progress billings from other current liabilities to contract liabilites.

- the adjustments pertaining to the identification of separate performance obligations as a result of the change in timing of regconition from over time to point in time:
  - RM25,509,000 from cost of sales to inventories.
  - RM82,000 from cost of sales to inventories.
  - RM38,035,000 from revenue to contract assets.
  - reversal of RM1,343,000 from inventories and trade and other payables.
  - RM2,986,000 for tax adjustment.

(iii) The MFRS 9 adjustment is due to the additional provision for loss allowance of RM9,000 and the provision for loss allowance of RM178,000 provided as at 1 January 2017.

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40. Transition to MFRS framework (contd.)

(b) Statement of profit or loss and other comprehensive income

	Audited 2017 RM'000	Effect of MFRS 15 RM'000	Effect of MFRS 9 RM'000	Restated 2017 RM'000
Group				
Revenue	312,939	(70,121)	-	242,818
Cost of sales	(200,896)	64,778	-	(136,118)
Gross profit	112,043	(5,343)	-	106,700
Other operating income	16,485	-	-	16,485
Selling and marketing expenses	(2,229)	-	-	(2,229)
Administrative expenses	(47,044)	-	(9)	(47,053)
Finance costs	(98,140)	-	-	(98,140)
Other operating expenses	(12,860)	-	-	(12,860)
Loss before tax	(31,745)	(5,343)	(9)	(37,097)
Income tax expense	(3,259)	1,282	-	(1,977)
Loss net of tax	(35,004)	(4,061)	(9)	(39,074)
Other comprehensive (loss)/income				
Foreign currency translation	884	-	-	884
Total comprehensive loss for the year	(34,120)	(4,061)	(9)	(38,190)
Loss attributable to:				
Owners of the parent	(30,543)	(4,061)	(6)	(34,610)
Non-controlling interests	(4,461)	-	(3)	(4,464)
	(35,004)	(4,061)	(9)	(39,074)
Total comprehensive loss attributable to:				
Owners of the parent	(29,659)	(4,061)	(6)	(33,726)
Non-controlling interests	(4,461)	-	(3)	(4,464)
	(34,120)	(4,061)	(9)	(38,190)
Loss per share attributable to owners of the parent (sen per share)				
Basic	(10.79)			(12.23)

40. Transition to MFRS framework (contd.)

(b) Statement of profit or loss and other comprehensive income (contd.)

Reconcilation on the adoption of the MFRS Framework, MFRS 15 and MFRS 9 on the Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017 ("2017")

Notes:

(i) The MFRS 15 adjustments are mainly due to:

- treatment of LAD as a variable consideration and is presented as a reduction of the transaction price thus the reclassfication of RM45,756,000 from cost of sales to revenue.

- the adjustments pertaining to the identification of separate performance obligations as a result of the change in timing of regconition from over time to point in time:
  - RM25,937,000 from revenue to contract assets.
  - RM19,022,000 from cost of sales to inventories.
  - RM1,490,000 from contract asset to revenue.
  - RM82,000 from inventories to revenue.
  - RM1,282,000 for tax adjustment.

(ii) The MFRS 9 adjustment is due to the additional loss allowance of RM9,000.

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FINANCIALS

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LIST OF PROPERTIES

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.18 (RM'000)	YEAR OF ACQUISITION
Completed Investment Property				
Red Carpet Avenue	29 units terrace shop offices	18,124	137,580	2013
Strand Mall	4 storey retail podium including a basement car park and 4 levels of car park located above the retail podium	122,445	183,000	2013

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.18 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Held For Sale				
PN 81890 Lot 4028 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	1 unit 3 storey shop office	173	1,171	2000
Garden Office, Kota Damansara, Selangor Darul Ehsan on PT 10563 HS(D) 251908, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	33 units of office suites & 767 units of car park bay (99 years lease expiring on 14/11/2107)	16,401	43,403	2000
PN 83359 Lot 5427, PN 83360 Lot 5428 & PN 83285 Lot 5485, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties (99 years lease expiring on 28/03/2104)	1,490	120	2000
PT 10562 HS(D) 251907, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	32 units of residential apartment & 66 units of car park bay (99 years lease expiring on 14/11/2107)	5,158	26,787	2000
PN 82706 Lot 4775 & PN 82726 Lot 4795, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	2 units of residential properties (99 years lease expiring on 31/03/2104)	356	1,163	2000

HS(D) 458136, PTD 166961, Mukim Pulai, Daerah Johor Bahru, Johor	79 units of residential apartment & 496 units of car park bay (freehold land)	13,779	56,934	2012

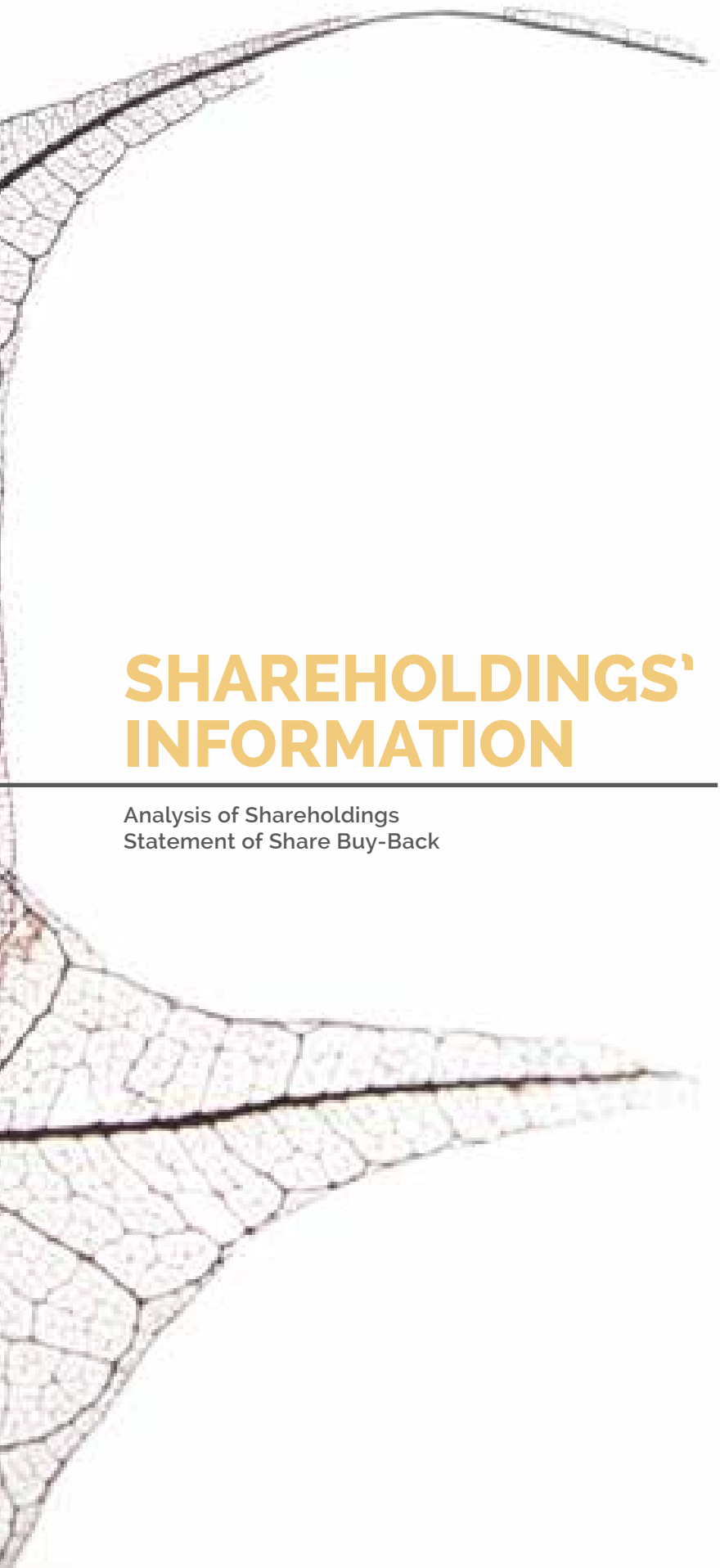
LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.18 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Under Development & Land Held for Development				
PN 81966 - 81968 Lot 4102 - 4104, PN 81971 - 81973 Lot 4105 - 4107, PN 81975 - 81982 Lot 4108 - 4115, PN 81985 - 81992 Lot 4116 - 4123, PN 82093 - 82172 Lot 4211 - 4290, PN 82174 - 82178 Lot 4291 - 4295, PN 82186 - 82188 Lot 4296 - 4298, PN 82190 - 82193 Lot 4299 - 4302, PN 82251 - 82270 Lot 4362 - 4381, PN 82272 - 82280 Lot 4382 - 4390, PN 82282 - 82285 Lot 4391 - 4394, PN 82287 - 82294 Lot 4395 - 4402, PN 82296 - 82302 Lot 4403 - 4409, PN 82304 - 82309 Lot 4410 - 4415, PN 82315 Lot 4416 & PN 82317 - 82318 Lot 4417 - 4418, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 22/03/2104 & 25/03/2104)	29,599	4,727	2000
PN 81947 - 81954 Lot 4084 - 4091, PN 81956 - 81965 Lot 4092 - 4101, PN 81994 - 82016 Lot 4127 - 4149, PN 82019 - 82033 Lot 4152 - 4166, PN 82035 - 82041 Lot 4171 - 4177, PN 82042 - 82046 Lot 4179 - 4183, PN 82052 - 82058 Lot 4190 - 4196, PN 82060 - 82063 Lot 4197 - 4200, PN 82083 - 82092 Lot 4201 - 4210, PN 82196 - 82202 Lot 4307 - 4313 & PN 82204 - 82250 Lot 4314 - 4360, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 22/03/2104 & 25/03/2104)	24,082	6,115	2000

PN 82833 - 82852 Lot 4902 - 4921, PN 82854 - 82925 Lot 4924 - 4995 & PN 82927 - 82946 Lot 4997 - 5016, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	22,989	3,689	2000
PN 83361 - 83425 Lot 5432 - 5496, PN 83426 - 83434 Lot 5499 - 5507 & PN 83435 - 83452 Lot 5509 - 5526 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	16,195	3,398	2000
PN 82610 - 82624 Lot 4692 - Lot 4706, PN 82644 - 82651 Lot 4707 - 4714, PN 82653 - 82664 Lot 4718 - 4729, PN 82669 - 82670 Lot 4730 - 4731, PN 82671 - 82675 Lot 4744 - 4748, PN 82677 - 82683 Lot 4749 - 4755 & PN 83748 - 83759 Lot 4732 - 4743, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104 & 30/03/2104)	12,396	3,398	2000
PN 81867 Lot 4006, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	19,119	1,939	2000
PN 81869 Lot 4010, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	30,471	3,090	2000
PN 83453 Lot 5530, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	17,332	1,754	2000
Lot 6934, Title No PN43209, Mukim Bukit Katil, Daerah Melaka Tengah, Melaka	Leasehold land held for property development (99 years lease expiring on 27 January 2096)	2,594,000	380,000	2016

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.18 (RM'000)	YEAR OF ACQUISITION
Oversea Inventories				
67 Canning Highway, Victoria Park, Australia being Lots 26, 27 & 28 on Strata Title Plan 63339	3 units of residential apartment (freehold)	1,187	13,953	2010

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.18 (RM'000)	YEAR OF ACQUISITION
Inventories - Overseas Properties Under Development & Land Held for Development				
15 Tea Tree Close Cockburn Central, Perth, Australia	Freehold land held for property development	11,002	9,207	2012





SHAREHOLDINGS' INFORMATION

Analysis of Shareholdings
Statement of Share Buy-Back

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2019

Issued Share Capital : RM 397,280,458.65 comprising 306,474,217 ordinary shares *
Class of Shares : Ordinary shares
Voting Rights : One (1) vote per ordinary share

* Including 386,000 shares bought and retained as treasury shares

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Shareholdings
1 - 99	144	6.94	1,235	0.00
100 - 1,000	298	14.35	205,210	0.07
1,001 - 10,000	1,208	58.19	4,965,849	1.62
10,001 - 100,000	345	16.62	12,275,796	4.01
100,001 – less than 5% of issued shares	79	3.81	53,641,827	17.52
5% and above of issued shares	2	0.10	234,998,300	76.77
Total	2,076	100.00	306,088,217	100.00

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,067,526	64.39	-	-
Federal Land Development Authority	-	-	197,067,526 ①	64.39
Anjakan Masyhur Sdn. Bhd.	40,000,000	13.07	-	-
Azhar Bin Mohd Awal	-	-	40,000,000 ②	13.07
Azman Hanafi Bin Abdullah	-	-	40,000,000 ②	13.07

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS

Directors	Shareholdings			
	Direct No. of Shares	%	Indirect No. of Shares	%
Hussein Bin Ismail	-	-	-	-
Datuk Muzzammil Bin Mohd Nor	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-
Abdul Rahim Bin Abdul Hamid	-	-	-	-

LIST OF 30 LARGEST SHAREHOLDERS
(as at 22 March 2019)

No.	Name	No. of Shares	%
1.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank Islamic Berhad for Felda Investment Corporation Sdn. Bhd.	194,998,300	63.71
2.	Anjakan Masyhur Sdn. Bhd.	40,000,000	13.07
3.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank (M) Berhad for Peh Lian Hwa (Smart)	12,521,800	4.09
4.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow (Margin)	4,671,400	1.53
5.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Satvinder Singh (Margin)	4,468,500	1.46
6.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teh Swee Heng (MM1118)	2,424,400	0.79
7.	Felda Investment Corporation Sdn. Bhd.	2,069,226	0.68
8.	Ting Ding Ing	1,924,500	0.63
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Chuan (8059299)	1,834,100	0.60
10.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Isa Bin Ismail	1,391,500	0.45
11.	Rosnah Binti Abd Majid	1,354,401	0.44
12.	Haslinah Binti Hassan	1,130,000	0.37
13.	Azman Bin Karim	1,081,000	0.35
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	1,060,800	0.35
15.	Abdul Aziz Bin Abdul Kadir	1,000,000	0.33
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Vertical Sources Sdn. Bhd. (021)	667,300	0.22
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stuart Saw Teik Siew	659,500	0.22
18.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mahadi Bin Mahussein (Margin)	600,000	0.20
19.	Mohd Isa Bin Ismail	511,700	0.17
20.	Tung Yoke Cheng	481,000	0.16
21.	Cimsec Nominees (Asing) Sdn. Bhd. CIMB Bank for Lim Geok Eng Mary (MY0955)	468,500	0.15
22.	Annedjma Capital Sdn. Bhd.	425,600	0.14
23.	Olive Lim Swee Lian	410,000	0.13
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chow Chee Fai (7003968)	400,000	0.13

SHAREHOLDINGS' INFORMATION

No.	Name	No. of Shares	%
25.	Neoh Soo Keat	399,000	0.13
26.	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boak Wah (JB)	390,100	0.13
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	380,300	0.12
28.	Low Hock Boon	371,800	0.12
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Geok Eng Mary	360,000	0.12
30.	Yahya Talla	358,600	0.12
	Total	**278,813,327**	**91.09**

STATEMENT OF SHARE BUY-BACK

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 12.06(1) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability, whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Introduction

The Company had on 26 February 2019, announced that it will be seeking shareholders' approval at the 19th Annual General Meeting ("AGM") of the Company for the proposed renewal of authority for the Company to purchase its own ordinary shares ("Encorp Shares") of up to 10% of the total number of issued shares of the Company ("Proposed Renewal of Authority for Share Buy-Back").

The purpose of this Statement is to provide the information on the Proposed Renewal of Authority for Share Buy-Back together with the Directors' recommendation thereon, and to seek shareholders' approval of the Ordinary Resolution on the Proposed Renewal of Authority for Share Buy-Back to be tabled at the 19th AGM of the Company to be held at Room Mutiara 3, Ground Floor, Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 3.00 p.m. The Notice of the 19th AGM of the Company and the Form of Proxy are enclosed in the Annual Report 2018 of the Company.

3. Details of the Proposed Renewal of Authority for Share Buy-Back

At the 18th AGM of the Company held on 28 May 2018, the shareholders had approved the renewal of the authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. The said approval will expire at the conclusion of the 19th AGM of the Company unless renewed by an ordinary resolution passed by the shareholders.

The renewal of authority for the Company to purchase its own shares will be effective immediately upon the passing of the Ordinary Resolution at the forthcoming 19th AGM and will expire at:

(i) the conclusion of the first AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company after the date is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

The Company may only purchase its own shares at a price which is not more than 15% above the weighted average market price of the shares for the five (5) market days immediately before the purchase.

In accordance with Section 127 of the Companies Act, 2016 (the "Act"), the Company could deal with any Encorp Shares so purchased in the following manner:

(i) to cancel the shares so purchased;
(ii) to retain the shares so purchased as treasury shares; or
(iii) to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

Shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held as treasury shares. If such purchased shares are held as treasury shares, the Directors of the Company may:-

(a) distribute the shares as share dividends to shareholders;

(b) resell the shares or any of the shares in accordance with the relevant rules of Bursa Securities;

(c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;

(d) transfer the shares, or any of the shares as purchase consideration;

(e) cancel the shares or any of the shares; or

(f) sell, transfer or otherwise use the shares for such other purposes as the minister charged with the responsibility for companies may by order prescribe.

If such purchased shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company.

In addition, the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision in the Act or the Listing Requirements of Bursa Securities on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

Where treasury shares are distributed as share dividends, the costs of the shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the shares so purchased or treasury shares are cancelled, the costs of the shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the shares so cancelled.

The Encorp Shares purchased and retained by Encorp as treasury shares can only be resold at a price which is:

(i) not less than the weighted average market price of the Encorp Shares for the five (5) market days immediately prior to the resale; or

(ii) at a discount of not more than 5% to the weighted average market price of the Encorp Shares for the five (5) market days immediately before the resale provided that:

  (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and

  (b) the resale price is not less than the cost of purchase of the Encorp Shares being resold.

  In accordance with Paragraph 12.26 of the Listing Requirements, Encorp may purchase its own shares

in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

To date, the Company has yet to determine the manner of which the purchased shares are to be treated.

4. Rationale for the Proposed Renewal of Authority for Share Buy-Back

The proposed share buy-back, if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:

(a) The proposed share buy-back will provide the Company the option to return its surplus financial resources to its shareholders;

(b) Depending on the effective cost of funding of the shares to be purchased, the earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

(c) If the shares purchased are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total number of issued shares of the Company. Alternatively, the shares purchased can be distributed as share dividends to reward the shareholders of the Company; and

(d) The Company may be able to stabilise the supply and demand of its shares in the open market and thereby supporting its fundamental value.

5. Retained Profits

The proposed share buy-back must be made wholly-out of the Company's retained profits. The maximum amount of funds to be utilized must not exceed the retained profit of the Company.

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2018, the accumulated loss account of the Company stood at RM62.226 million.

6. Source of Funds

The amount allocated for share buy-back will be financed by internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s). In the event that the Company intends to purchase its own shares using external borrowings, the Board of Directors shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of Encorp group of companies.

7. Direct and Indirect Interest of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of the Company as at 22 March 2019 on the assumption that shares purchased from shareholders other than the Directors are set out below:

Directors	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back①			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hussein Bin Ismail	-	-	-	-	-	-	-	-
Datuk Muzzammil Bin Mohd Nor	-	-	-	-	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-	-	-	-	-
Abdul Rahim Bin Abdul Hamid	-	-	-	-	-	-	-	-

① Assuming that 10% of the existing total number of issued shares of Encorp are bought and retained as treasury shares in total.

The proforma effects of the proposed share buy-back on the shareholdings of the substantial shareholders in Encorp as at 22 March 2019 on the assumption that shares are purchased from shareholders other than the substantial shareholders are set out below:

Substantial Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back #			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,067,526	64.39	-	-	197,069,226	71.45	-	-
Federal Land Development Authority	-	-	197,067,526①	64.39	-	-	197,069,226①	71.45
Anjakan Masyhur Sdn. Bhd.	40,000,000	13.07	-	-	40,000,000	14.50	-	-
Azhar Bin Mohd Awal	-	-	40,000,000②	13.07	-	-	40,000,000②	14.50
Azman Hanafi Bin Abdullah	-	-	40,000,000②	13.07	-	-	40,000,000②	14.50

Assuming that 10% of the existing total number of issued shares capital of Encorp are bought and retained as treasury shares in total.

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

8. Potential Advantages and Disadvantages of the Proposed Renewal of Authority for Share Buy-Back

Potential advantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are stated in Section 4 above.

Potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are as follow:

(a) it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive Encorp Group of interest income that can be derived from the funds utilised for the Share Buy-Back; and

(b) as the Share Buy-Back can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of the Company and of the resultant impact on its shareholders. The Board of Directors in exercising any decision on the share buy-back will be mindful of the interest of the Company and its shareholders.

9. Financial Effects of the Proposed Renewal of Authority for Share Buy-Back

On the assumption that the share buy-back is carried out in full, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, net assets (NA) per share, working capital and earnings per share (EPS) of the Company are set out below:

(a) Share Capital

The effects of any purchase of the Company's own shares will depend on whether the Encorp Shares so purchased are cancelled or retained as treasury shares.

The proposed share buy-back will not have any effect on the total number of issued shares if all the Encorp Shares purchased are to be retained as treasury shares, re-sold or distributed to our shareholders.

The proposed share buy-back will however, result in the reduction of the total number of issued shares if the Encorp Shares so purchased are cancelled. The proforma effects of the proposed share buy-back based on the issued and paid-up share capital as at 22 March 2019 and assuming the Encorp Shares so purchased are cancelled are set out below:

	No. of Encorp Shares
Existing issued and paid-up share capital as at 22 March 2019	306,474,217
Treasury shares as at 22 March 2019	(386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(30,261,421)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	275,826,796

(b) NA

The effects of the share buy-back on the NA per share of the Encorp Group are dependent on the purchase price of the Encorp Shares at the time of buy back. If all Encorp Shares so purchased are cancelled, the consolidated NA per share of the Group is likely to be reduced if the purchase price exceeds the NA per share, whereas the NA per share of the Group will increase if the purchase price is less than the NA per share of the Group at the time of purchase.

For shares purchased which are kept as treasury shares, upon resale, the NA per share of the Group would increase assuming that a gain has been realised or decreased if a loss is realised. If treasury shares are distributed as share dividends, the NA of the Group would decrease by cost of the treasury shares.

(c) Working Capital

The proposed share buy-back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of shares eventually purchased and the purchase price of the shares.

(d) EPS

Assuming that the shares purchased under the share buy-back are cancelled, the share buy-back may increase the EPS of Encorp Group. Similarly, on the assumption that the shares purchased are treated as treasury shares and subsequently resold, the extent of the effect on earnings of Encorp Group will depend on the actual selling price and number of treasury shares resold and the effective gain arising. In the event the shares purchased are held as treasury shares, i.e., neither cancelled nor resold, the effective reduction in the total number of issued shares of Encorp pursuant to the share buy-back would generally, all else being equal, increase the consolidated EPS of the Company.

(e) Dividends

Assuming the proposed share buy-back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the share buy-back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the total number of issued shares of the Company.

The proposed share buy-back may have an adverse impact on the Company's dividend policy for the financial year ending 31 December 2019 as it would reduce the cash available, which may otherwise be used for dividend payment. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

(f) Shareholdings

The effect of the proposed share buy-back on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased, if any, and their actual shareholdings at the time of such purchase.

Please refer to Section 7 above for further details on the shareholding structure of Directors and substantial shareholders of the Company.

10. Implication Under the Malaysian Code on Take-Overs and Mergers 2016 (the "Code")

In the event the proposed share buy-back results in any director(s), substantial shareholder(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining Encorp Shares not held by him/them.

However, an approval may be sought from the Securities Commission by the affected director(s) or substantial shareholder(s) for exemption under the Code before a mandatory offer obligation is triggered.

11. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

As per the Record of Depositors as at 22 March 2019, a total of 386,000 shares were held as treasury shares.

None of the 386,000 shares bought back has been resold, cancelled or distributed as share dividend.

12. Public Shareholding Spread

As at 22 March 2019, the public shareholding spread of Encorp was 22.5%. The Company will not undertake any share buy-back if that will result in further breach of paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities, which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of Encorp Shares by the Company.

13. Share Prices

The monthly highest and lowest prices of the shares traded on the Bursa Securities for the last twelve (12) months from April 2018 to March 2019 are as follows:

Year/ Month	2018 Apr	2018 May	2018 June	2018 Jul	2018 Aug	2018 Sept	2018 Oct	2018 Nov	2018 Dec	2019 Jan	2019 Feb	2019 Mar
(Rm) High	0.75	0.83	0.68	0.58	0.555	0.51	0.50	0.48	0.45	0.45	0.43	0.415
(Rm) Low	0.50	0.56	0.53	0.49	0.49	0.37	0.41	0.40	0.35	0.38	0.37	0.345

The last transacted price of Encorp shares on 22 March 2019, being the last practicable date prior to the printing of this statement was RM 0.36.

14. Directors' Statement

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the proposed share buy-back, the Board of Directors is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is fair, reasonable and in the best interest of the Company.

15. Directors' Recommendation

The Board of Directors recommends that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming AGM.

16. Other Information

Copies of the following documents will be available for inspection at the registered office of Encorp at No.45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, during normal office hours on any working day from 30 April 2019 up to and including the date of the AGM:

(a) Constitution of Encorp; and
(b) Audited financial statements for financial years ended 31 December 2017 and 31 December 2018.

There is no other information concerning the Proposed Renewal of Authority for Share Buy-Back as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Authority for Share Buy-Back and the extent of the risks involved in doing so.



Encorp Strand Residences & Strand Mall





ANNUAL GENERAL MEETING

Notice of 19th Annual General Meeting
Form of Proxy

NOTICE OF 19th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting ("AGM") of ENCORP BERHAD ("Company") will be held at Room Mutiara 3, Ground Floor, Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 29 May 2019 at 3.00 p.m., for the following purposes:

Agenda

As Ordinary Business		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To approve the Directors' fees of up to RM700,000.00 for the financial year ending 31 December 2019, to be payable on a quarterly basis in arrears.	(Ordinary Resolution 1)
3.	To approve the Directors' fees of up to RM250,000.00 for the period from 1 January 2020 until the next AGM of the Company, to be payable on a quarterly basis in arrears.	(Ordinary Resolution 2)
4.	To approve the Directors' benefits of up to RM170,000.00 from 30 May 2019 until the next AGM of the Company.	(Ordinary Resolution 3)
5.	To re-elect the following Director who retire in accordance with Article 81 of the Constitution of the Company: (a) YBhg Datuk Muzzammil Bin Mohd Nor	(Ordinary Resolution 4)
6.	To appoint Auditors and to authorize the Directors to fix their remuneration. Special Notice pursuant to Sections 280(2)(b)(ii) and 322 of the Companies Act, 2016, a copy of which is set out and marked "Annexure A", has been received by the Company to propose the following Ordinary Resolution: "THAT Messrs Ernst & Young, be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte PLT, to hold office until the conclusion of the next AGM and that authority be hereby given to the Directors of the Company to determine their remuneration."	(Ordinary Resolution 5)

As Special Business

To consider and, if thought fit, to pass the following resolutions:

7.	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 "THAT subject to Sections 75 and 76 of the Companies Act, 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted on Bursa Malaysia Securities Berhad ("Bursa Securities"); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."	(Ordinary Resolution 6)
8.	Proposed Renewal of Authority for Share Buy-Back "THAT subject always to the Companies Act, 2016, the Constitution of the Company, Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of such amount of ordinary shares in the Company through Bursa Securities, provided that: (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the existing total number of issued shares of the Company for the time being; (b) the maximum funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company; and (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until: (i) the conclusion of the first AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; (ii) the expiration of the period within the next AGM after that date is required by law to be held; or (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever is earlier.	

	AND THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner: (i) cancel all the shares so purchased; (ii) retain the shares so purchased as treasury shares; or (iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares. AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares." (Ordinary Resolution 7)
9.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2019 "THAT, subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("Encorp Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the Encorp Group with specified classes of related parties (as defined in the Listing Requirements of Bursa Securities and as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2019) which are necessary for the day-to-day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Encorp Group, on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until: (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or (c) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier.	

	THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."	(Ordinary Resolution 8)
10.	Proposed New Constitution of the Company "That approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 30 April 2019 with immediate effect AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."	(Special Resolution)
11.	To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.	

By Order of the Board

Lee Lay Hong (LS 0008444)
Company Secretary

Selangor Darul Ehsan
30 April 2019

Explanatory Notes :

1. Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1) (a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not put for voting.

2. Directors' Benefits of up to RM170,000.00 from 30 May 2019 until the next AGM of the Company

The total estimated amount of Directors' benefits payable to Non-Executive Chairman and Non-Executive Directors are calculated based on the number of scheduled Board's and Board Committees' meetings from 30 May 2019 until the next AGM. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

3. Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The above Ordinary Resolution 6 is a renewal of the General Mandate for the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The above Ordinary Resolution 6, if passed, will give authority to the Directors of the Company, from the date of the above AGM, to allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of share allotted does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate granted by the shareholders at the 18th AGM of the Company held on 28 May 2018 had been utilised for a private placement exercise which had been completed on 22 March 2019. The Company had issued 12,521,800 ordinary shares at RM0.35 each and raised proceeds of RM4,382,630.00 from the private placement exercise. The status of utilization of proceeds as at 22 March 2019, being the last practicable date prior to the printing of this notice, is as follows:

	RM
Proceeds from Private Placement	4,382,630.00
Expenses in relation to Private Placement	(24,436.94)
Balance c/f	4,358,193.06

The General Mandate sought will enable the Directors of the Company to allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

4. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of Ordinary Resolution 7 is intended to renew the authority granted by the shareholders of the Company at the AGM held on 28 May 2018. The proposed renewal of authority for share buy-back will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements of Bursa Securities.

5. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the Encorp Group, provision of comprehensive facilities management services, construction and property development works to related parties. The details of the proposal are set out in the Circular to Shareholders dated 30 April 2019 which is circulated together with the Annual Report 2018.

6. Special Resolution: Proposed New Constitution of the Company [pursuant to Section 36(1) of the Companies Act 2016]

6.1 The proposed amendments to the existing Memorandum & Articles of Association (Constitution) of the Company ("Proposed Amendments") are made mainly for the following purposes:

(a) To align to amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(b) To streamline with the provisions of the Companies Act 2016 which came into force on 31 January 2017; and

(c) To enhance administrative efficiency.

6.2 Under Article 157 of the existing Constitution of the Company, amendments to the Constitution can be made if duly passed by a Special Resolution. In view of the substantial amount of Proposed Amendments to the Constitution, the Board proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments (New Constitution) as set out in Appendix II of the Circular to Shareholders dated 30 April 2019.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.

2. A proxy may but need not be a member of the Company.

3. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act, 2016 is complied with.

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

6. Where a member of the Company is 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.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, must be deposited at the Registered Office of the Company at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.

Statement accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the 19th Annual General Meeting of the Company.

Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

Kindly refer to item (3) of the Explanatory Notes at page 257.

FELDA INVESTMENT CORPORATION SDN. BHD.
(Company No. : 1052445-A)

REF : FICSB/LNS/LTR/ENCORP-BOD/2019(002) ANNEXURE A

DATE : 4 April 2019

The Board of Directors
ENCORP BERHAD
No. 45-G Jalan PJU 5/21
Pusat Perdagangan Kota Damansara
Kota Damansara PJU 5
47810 Petaling Jaya, Selangor Darul Ehsan

Dear Sirs,

SPECIAL NOTICE – NOMINATION OF AUDITORS

We, being a shareholder of Encorp Berhad hereby give notice pursuant to Sections 280(2)(b)(ii) and 322 of the Companies Act, 2016 of our intention to nominate Messrs Ernst & Young for appointment as Auditors of Encorp Berhad in place of the retiring Auditors, Messrs Deloitte PLT and to propose the following Ordinary Resolution to be tabled at the forthcoming 19th Annual General Meeting of Encorp Berhad:

"THAT Messrs Ernst & Young, be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte PLT, to hold office until the conclusion of the next Annual General Meeting and that authority be hereby given to the Directors of the Company to determine their remuneration."

Thank you.

Yours faithfully,

DATO' DR. OTHMAN BIN OMAR
Director

FORM OF PROXY

No. of Shares Held	
CDS Account No.	
Telephone No.	

ENCORP BERHAD
(Company No. 506836-X)
(Incorporated in Malaysia)

*I/We _____
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

Company No./NRIC No. (new) _____ (old) _____

of _____
(Full Address)

_____
(Full Address)

being a member of ENCORP BERHAD, hereby appoint _____

_____ NRIC No. (new) _____
(Full name as per NRIC in CAPITAL letters)

(old) _____ or failing *him/her _____
(Full name as per NRIC in CAPITAL letters)

NRIC No. (new) _____ (old) _____

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 19th Annual General Meeting ("AGM") of the Company to be held at Room Mutiara 3, Ground Floor, Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 3.00 p.m. and at any adjournment thereof.
*My/our proxy is to vote as indicated below:

(Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' Fees of up to RM700,000.00 for the financial year ending 31 December 2019, to be payable on a quarterly basis in arrears.		
2.	Approval of Directors' Fees of up to RM250,000.00 for the period from 1 January 2020 until the next AGM of the Company, to be payable on a quarterly basis in arrears.		
3.	Approval of Directors' Benefits of up to RM170,000.00 from 30 May 2019 until the next AGM of the Company.		
4.	Re-election of YBhg Datuk Muzzammil Bin Mohd Nor as Director.		
5.	Appointment of Messrs Ernst & Young as Auditors in place of the retiring Auditors, Messrs Deloitte PLT, and to authorise the Directors to determine their remuneration.		
6.	Authority for Directors to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7.	Proposed renewal of authority for share buy-back.		
8.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2019.		
	Special Resolution	**For**	**Against**
	Proposed New Constitution of the Company.		

Dated this ..... day of 2019

_____
Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.
2. A proxy may but need not be a member of the Company.
3. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act, 2016 is complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the Company is 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.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, must be deposited at the Registered Office of the Company at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof.

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PLACE STAMP HERE

The Company Secretary

Encorp Berhad (506836-X)
No. 45-1, Jalan PJU 5/21,
Pusat Perdagangan Kota Damansara,
Kota Damansara PJU 5, 47810 Petaling Jaya,
Selangor Darul Ehsan.

(Fold here)



45G, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

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