ENCORP
BERHAD
(506836-X)

Driving Progress

Annual Report 2015





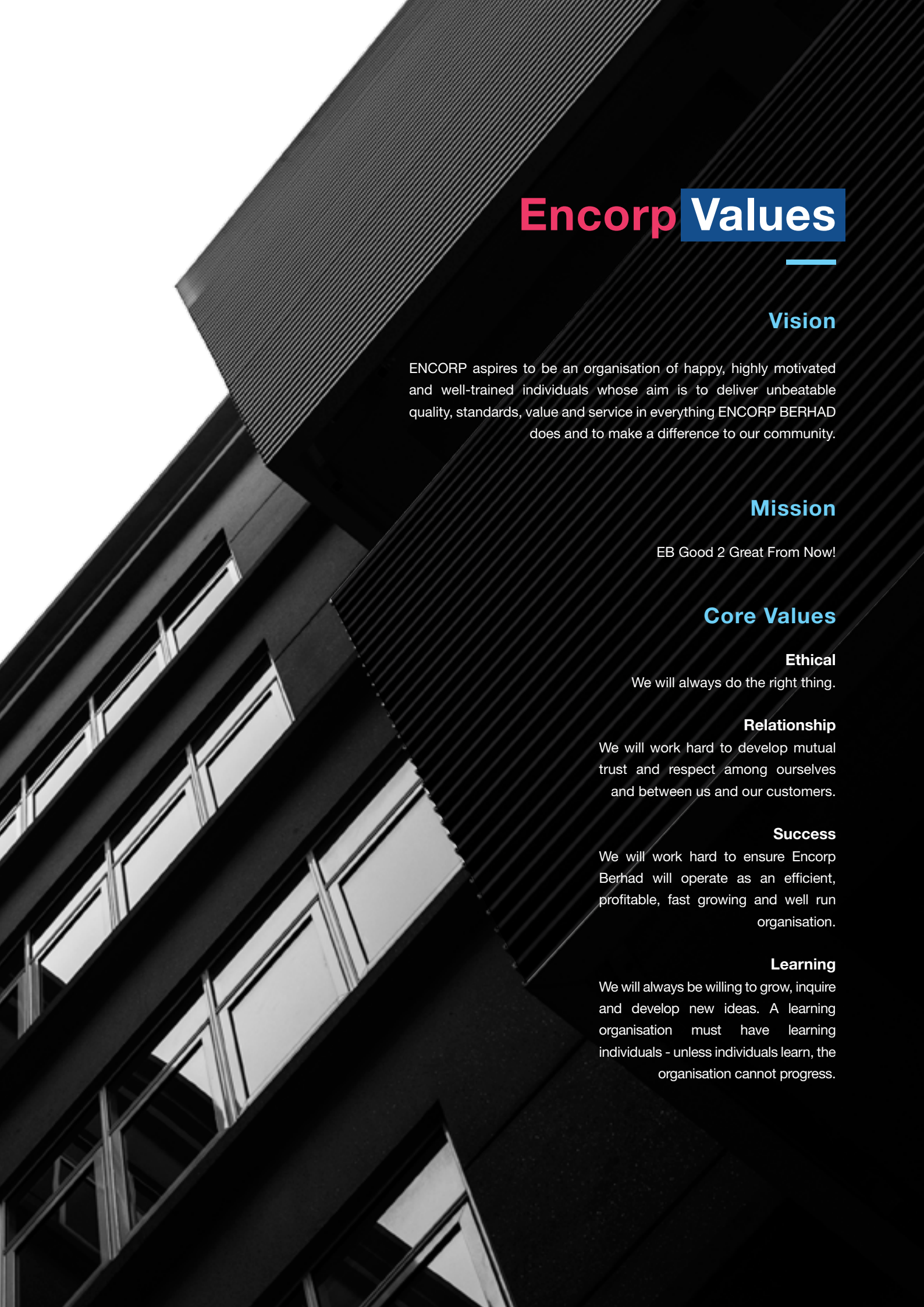
Driving Progress

Progress is exciting. It keeps us moving forward, making the most of opportunities available. Our business is most competitive when our organisation is in peak progress.

At Encorp, we have been driving progress within our organisation in a clear and consistent manner to achieve our long term vision to transform into a major player in the property development industry.

Our key progress enablers have been the enhancement of our business processes and workplace productivity. It is through them that we have driven progress at Encorp to strengthen our business and our Group of Companies.

In driving our progress, our mission remains consistent – to deliver the highest quality, innovative products that will enrich the lives of our customers.



Encorp Values

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.

Mission

EB Good 2 Great From Now!

Core Values

Ethical
We will always do the right thing.

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 Berhad will operate as an efficient, profitable, fast growing and well run organisation.

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.

Financial Calendar

Announcement of Quarterly Results

30 April 2015
Announcement of the audited year end 2014 Profit Before Tax as RM25.3 million

27 May 2015
Announcement of the first quarter of 2015 unaudited Profit Before Tax as RM1.5 million

27 August 2015
Announcement of the second quarter of 2015 unaudited Profit Before Tax as RM-6.9 million

26 November 2015
Announcement of the third quarter of 2015 unaudited Profit Before Tax as RM-1.0 million

16th Annual General Meeting

Mutiara 3 Room, Ground Floor, The Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 June 2016 at 3.00 p.m.

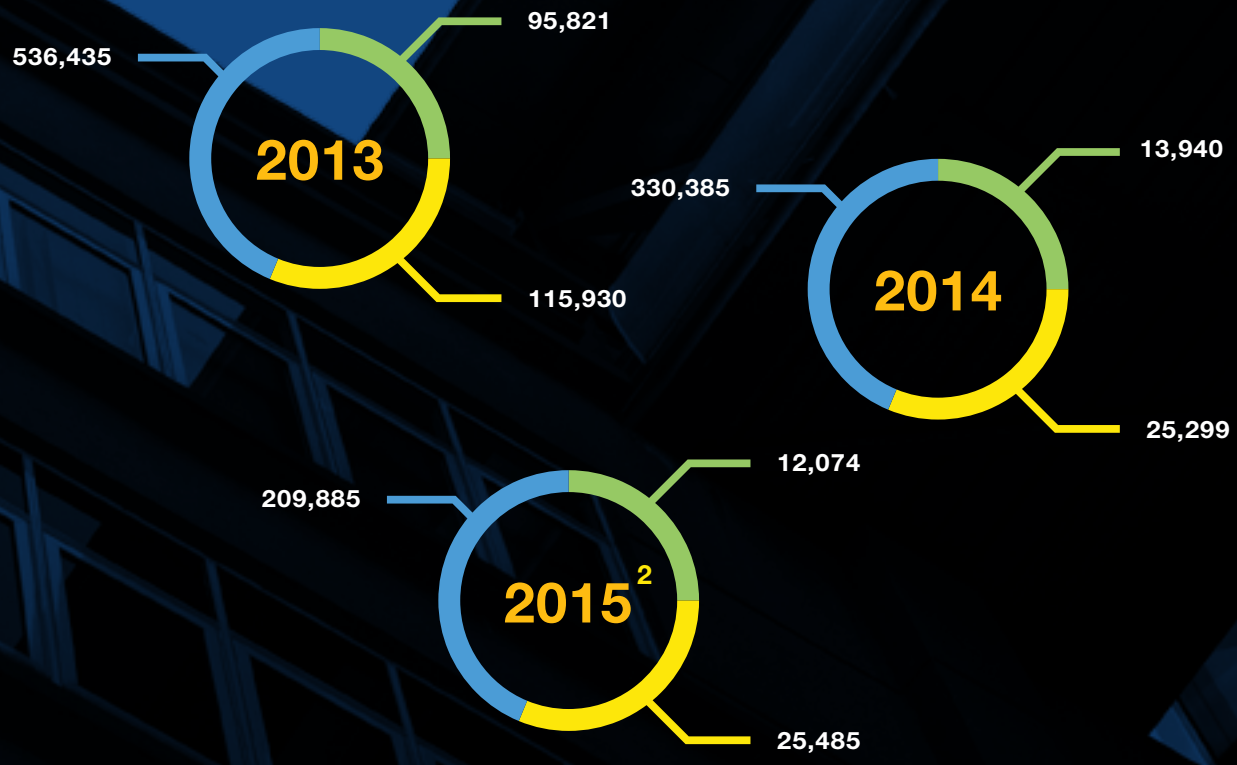
Financial Highlights

As at 31 December 2015

Revenue (RM'000)

Profit Before Tax[1] (RM'000)

Profit After Tax[1] (RM'000)



Shareholders' Funds	Earnings Per Share[2]	Net Assets Per Share
RM394.4 million	2.79 sen	RM1.42

Notes:

[1] Including assets revaluation surplus

[2] Excluding results from discontinued operation (as disclosed in Note 12 of the Audited Financial Statements



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Management Perspective



Message from the Chairman

Dear Valued Shareholder,

2015 was a year which saw Encorp Berhad progress on the business transformation journey it had embarked upon the previous year. We continued delivering results for our shareholders, whilst at the same time focusing on our business priorities to effect our forward moving progress.

OVERVIEW

For the Financial Year (FY) ended 31 December 2015, Encorp recorded a revenue of RM209.9 million, an amount which is less than Encorp's FY2014 revenue of RM330.3 million, and FY2013 revenue of RM536.4 million.

It was a year of corporate rejuvenation as we look into our strengths whilst rationalising our business moving forward, to continue delivering sustainable returns for our shareholders. We initiated discussions and agreements into future projects, while strengthening the capacities of the Encorp team. I am confident the work we did last year will put Encorp in good stead for future business growth, as we continue working towards better performance for our shareholders.

BUILDING ON PROGRESS

The Encorp brand remains strong as a property developer whose innovative products and services are associated with excellence, setting new benchmarks in quality, standards, value and service. Our commitment is to deliver on the Encorp Experience through all our properties, whereby we make a real difference in the lives of our customers by providing products which adds value to and enriches their lives.

Over the course of 2015, Encorp's organisational priority has been on strengthening our systems and processes to better position the Group for the future. Our focused corporate strategies have put Encorp in a favourable advantage to reshape its future to be among the top property developers in the industry, based on Encorp's strong foundation as a company which creates innovative property developments, with a record of compelling past performance and capabilities.

We have honed in on making organisational accountability real, part of the everyday running and governing of the Encorp Group of companies. We hold strong to the belief that good governance provides the stable, strong foundation for our company to be a sustainable business, where decisions made and actions undertaken are well led and managed. Through our governance structure, policies and processes, Encorp promotes organisational values which demonstrates good governance through leadership and management example and employee behaviour.

We have also focused on restructuring our organisational procedures and processes, with the view to develop capacity and capability for Encorp to be a highly effective organisation. Throughout 2015, we have been working on putting the right management team in place, to effectively perform clearly defined functions and roles, in tandem with our organisational vision, mission and long-term goals.

Risk is an inevitable factor to take into account in today's highly competitive, globalised business environment. Our commitment to business sustainability has been to take informed, transparent decisions, managing risk in an accountable manner, to ensure business continuity management in the long-term. Thus, we only undertake

appropriate risks, continually learning from experience and review to strengthen our risk management structure.

Encorp has also been leveraging on our close relationship with the Federal Land Development Authority (FELDA), which holds a 70.97% stake in our Company through Felda Investment Corporation Sdn Bhd. FELDA has a number of benefits to offer, especially in terms of developing future land banks, and we intend to make the most of collaborative opportunities in strategic ventures to achieve Encorp's long-term goal of being a key player in the property development industry.

Key to our strategic business thrust over the course of 2015, have been the strategic insights, guidance and advice which our Board of Directors have contributed through their oversight of the Encorp Group. Coming from a diverse range of backgrounds from various corporate sectors, the Members of our Board offer a breadth of perspective in an experienced, responsible and collaborative manner which benefits our organisation immeasurably. Within the various committees we have set up in Encorp, the Board have offered constructive feedback on challenging business issues, within an environment of trust. During FY2015, Encorp held six Board meetings and one Annual General Meeting (AGM), all of which have contributed tremendously towards a more strategic and effectively governed organisation able to undertake risk management in a responsible manner.

Since 2014, Encorp's business journey has focused primarily on realising the promises we had made and delivering progress on those promises. A key milestone in 2015 was Encorp's collaboration with FELDA to develop an integrated township comprising residential and commercial projects at Bukit Katil, in the District of Melaka Tengah, Melaka. Bukit Katil is a leasehold land measuring approximately 640.98 acres and the agreement between FELDA and Encorp was finalised in January 2016.

The Bukit Katil project represents Encorp's commitment for collaborative partnerships which not only benefits our business growth and expansion as a developer, but also creates value for all stakeholders. The collaboration opens doorways to new opportunities for Encorp to embark upon potential partnerships with other partners including FELDA in exploring sizeable undeveloped land banks in prime locations across Malaysia. Our team is excited with the possibilities this holds and is gearing up to deliver on the Bukit Katil project.

Another significant milestone for Encorp in 2015 was its joint venture with TEW Investments Pty Ltd to jointly develop a multi-level mixed development project comprising commercial units and residential apartments on freehold land in Tea Tree Close Cockburn Central, Perth, Australia. This is yet another step forward for Encorp, as it sets us in a good position to become more competitive, as we continue with our journey towards becoming a key player in the property development industry, internationally as well as in Malaysia.

In FY2015, Encorp launched a new product, Akasia 1, at Encorp Cahaya Alam in Shah Alam while continuing to work on existing projects such as Encorp Strand in Kota Damansara, Encorp Marina Puteri Harbour in Iskandar, Johor, and The Residences on McCallum Lane in Perth, Australia, all of which hold a Gross Development Value (GDV) of RM3.2 billion. Coupled with the GDV of Bukit Katil at RM3.2 billion and Tea Tree Close at RM235.95 million, it shows our progress in building a property development portfolio with significant and high value investments.

We are optimistic that the strategic decisions and actions undertaken in FY2015 will form the basis of sustainable progress and profitability for our business growth into the future as we continue expanding efforts to create value for our shareholders and the market place.

FINANCIAL PERFORMANCE

With Encorp's focus on establishing future projects and finalising our corporate rationalisation strategy, Encorp continued to deliver a credible financial performance for its shareholders. Profit After Tax (PAT) for FY2015 stood at RM12.1 million in comparison to RM13.9 million in FY2014 and RM95.8 million in FY2013. In addition to that, Earnings Per Share was valued at 2.79 sen, Net Assets Per Share at RM1.42 and Shareholders Funds stood at RM394.4 million.

DIVIDENDS

Encorp will remain focused and committed to deliver sustainable earnings and consistent value to our shareholders. Within the near future, we plan to declare dividends for our shareholders, commensurate with the profitable and sustainable growth of our Group of companies.



Master Development Agreement Signing Ceremony

ENCORP'S PROGRESS

Encorp's progression into the future is based on transforming from a medium sized company to a key player in the property development industry. To achieve this, our focus is on building on our strengths as a property developer and looking for more potential collaborations both locally and internationally which will fuel our forward moving journey. We are continuing discussions with FELDA and various other parties on other land banks which we can develop and look forward to sharing more details in the near future.

At the same time, our team will continue to innovate on our property development products and services, as we strengthen our processes and improve our efforts with the aim of being the developer of choice, continuing to delight our customers with higher quality products and services which enrich their lives.

AWARDS AND ACCOLADES

Throughout the past 15 or so years since its inception, Encorp has been consistently recognised with numerous awards acknowledging our continuous efforts to set high quality standards and build the capabilities and skills of our employees. In 2015, Encorp demonstrated the strength in delivering quality products as evidenced by being named winner of the High Quality Assessment System in Construction (Qlassic) Achievement and the Best Qlassic Achievement for Encorp Cahaya Alam's multi-facade link houses Frangipani 1 and 2 at Construction Industry Development Board's Qlassic Day 2015.

For the fifth year in a row, Encorp was announced as winner at the Malaysia HR Awards organised by Malaysian Institute of Human Resource Management (MIHRM) in partnership with JobStreet.com. Encorp received two recognitions as the Employer of Choice Award (Silver) and HR Leader of the Year Award (Bronze). Our win does not only portray Encorp's growth in strength but also shows the dedication of our employees in delivering their very best efforts for the organisation.

OUTLOOK AND PROSPECTS

For 2016, from a macroeconomic perspective we foresee potential slower growth in the global economy, sluggish world trade and global crude oil prices sliding to new multi-year lows. Within Malaysia, the economy is expected to

slow down with an estimated gross domestic product (GDP) growth of 4.7%. The property industry is expected to continue to be subdued, facing challenges such as stringent lending rules imposed by banks and an oversupply in certain sub-sectors of the property market.

Bearing in mind of these challenges, Encorp will continue to focus on measures to increase efficiencies and to pursue innovative concepts to enhance its development projects by offering customers innovative products which will enhance their lives. As well as that, we will conduct a detailed review of the operations of the Group, including potential acquisition of new land banks and properties, entering into joint ventures for property development and new businesses and the rationalisation of existing businesses. Given our forward moving strategies, we remain optimistic in continuing to deliver returns to our shareholders.

APPRECIATION

I wish to take this opportunity to welcome on board the new Group Chief Executive Officer (GCEO) Dato' Haji Zakaria Bin Nordin, who was appointed by the Board in February 2016. With the rest of the management team, Encorp can look forward to progress towards the realisation of our long-term goal and vision of being one of the key players in the property development industry. I also wish to thank all Encorp team members who have worked relentlessly, contributing their unwavering efforts and ideas to strengthen Encorp's position in the marketplace. My appreciation and gratitude also goes to my colleagues on the Board of Directors for their strategic vision and direction in guiding us on our journey forward.

It gives me pleasure to present Encorp's Annual Report for 2015. Thank you to all of you.

Chairman
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad



Encorp Strand Residences Landscape





Review from the Group CEO

OVERVIEW

For the Financial Year (FY) ended 31 December 2015, Encorp Berhad has continued to remain profitable with recorded revenue of RM209.9 million and a Profit After Tax (PAT) of RM12.1 million. The Group's revenue generally saw a decline during the year under review due to a softer property market and no new product launches in FY2014. Moving forward, more new launches are in the pipeline and will correspond to expected sales and better financial performance.

In 2015 we took the opportunity to restructure Encorp's business plan and set firm foundations for its transformation journey from a medium sized property development industry company into one of the key players in the sector in Malaysia. The Group undertook corporate streamlining exercises aimed at making it a more profitable business entity in the long-term, whilst also developing major joint venture projects and partnerships for future developments.

DEVELOPMENT UPDATES

The year was marked by economic challenges both locally and internationally. Globally, the economy suffered a slowdown estimated at 3.1%, lower commodity prices and strains in some large emerging market economies including in China. In Malaysia, growth in private and public fixed investment declined, while private consumption moderated after the implementation of the Goods and Services Tax (GST) in April 2015, the slowing growth in credit to households and signs of softening in the labour market. The Malaysian economy was also affected by the plunge in demand and prices for hydrocarbons and other commodities, being a major producer and exporter of crude oil, natural gas and palm oil. Business prospects were undermined by fewer prospects for exports and the volatility of the Malaysian ringgit.

Despite these challenges, Encorp's focus in 2015 was to continue with ongoing projects, whilst simultaneously looking at new business deals and land banks for future prospects to further our business progress for sustainable long-term growth and profitability. In doing this, we are paying particular attention to generating innovative products and concepts which work, and will contribute to our business success. The underlying thrust of our innovations are to make the most of opportunities which presently exist, as well as discover those likely to emerge in the future. In drawing up new product innovations, we are not just looking at responding to current customer needs, but also anticipating future trends and developing ideas, products and services in tandem with these. Through our concerted efforts, we hope to stay ahead of market competition, as we respond to and anticipate shifting trends through our continuous innovations.

We have also shifted our focus to new marketing strategies, which reflect the needs of our target markets, recognising the emotional and rational motivations which underlie their purchasing decisions. For our customers, buying a home is more than just investing in the bricks and mortar structure, it also involves the lifestyle, location and culture of the area, all of which contribute to the success and stability of their individual lives. In creating lasting relationships with our customers, through our engagement in community development within our various property developments, we have strived to keep the promises we made to them during the point of sale in terms of lifestyles and the provision of urban amenities and facilities. By listening and responding to the ever-evolving needs of our target audience, we hope to build trust in the market place, leveraging on our brand promise for future sales and referral sales.

We are also committed towards adding new land banks for consistent and sustainable future growth, maximising our shareholders' value through the long-term achievement of consistent growth in profitability. Our Group's acquisitions, holdings and strategic collaborative partnerships of land banks is premised on protecting the Group from excessive land pricing cycles, giving us long-term financial stability.

In due course, we will develop our land banks into valuable property developments like townships as urban centres spread throughout our progressively developing country.

Encorp Cahaya Alam

Located in Section U12, Shah Alam, the Encorp Cahaya Alam township is a 209 acre low density development which is one of the most coveted developments in the area due to its low density and prime location. Coupled with that, it has a host of facilities offering residents amenities which enrich residents' lives, emphasising the best of neighbourhood living. These include features such as modern design elements, integrated amenities and conscientious town planning to promote unparalleled living standards. Residents also enjoy a beautiful linear park in the form of an 800 metre green spine and the convenience of neighbourhood shopping and services in close proximity.

The appreciation in value of homes in Encorp Cahaya Alam have risen a good deal, proving to be a sound investment for our customers. The rising property values of our developments are testament to this. The value of Frangipani 3 homes have risen by 31.7% since its initial launch, Lotus 1 and 2 homes by 55% and 21% respectively since its initial launch, presenting commendable increases for our customers.

In February 2015, 36 units of Lotus 3 homes received the Certificate of Completion and Compliance (CCC). Lotus 3 comprises 2- and 3-storey semi-detached houses uniquely designed with features which are in harmony with nature. The second floor incorporates a family and recreational space, offering residents a peaceful retreat away from the city.

Akasia 1 was also launched in August 2015. These are 122 units of 2- and 2-and-a-half storey super link homes developed on 19 acres of Encorp Cahaya Alam. The homes enjoy large land areas and integrate sophisticated design features to ensure optimal use of space. There are two different layout types with standard land areas from 24' x 80' and spacious built-up areas of more than 2,700 square feet. About 56% of the homes were grabbed by interested buyers during the launch, which was held together with an Aidilfitri Open House hosted by Encorp for the residents of Encorp Cahaya Alam. We are confident that the marketplace will react to Akasia as positively as it has to other launches of Encorp Cahaya Alam parcels over the past few years and the appreciating value of properties will lead to the sales of more units over the course of 2016.


Akasia

Encorp Strand Kota Damansara

Encorp continued with ongoing work on its signature development Encorp Strand Kota Damansara, Petaling Jaya with work on the high end luxury residences Encorp Strand Residence. The 38 storey Residences have a mix of apartment units such as lifestyle studio units, 2 and 3 bedroom units and limited duplex penthouses.

Another component of Encorp Strand Kota Damansara is Encorp Strand Garden Offices. Having received its Certificate of Completion and Compliance (CCC) in January 2014, the value of the office spaces have also appreciated considerably by 21% from the day it was launched. The appreciation in value is an indication of the marketplace's recognition of the high quality and value of Encorp's products.

The pride and joy of Encorp Strand Kota Damansara is the unique Encorp Strand Mall (ESM) and its adjacent Red Carpet Avenue (RCA), a 90 feet wide and 800 feet long climate controlled covered alfresco boulevard with Food and Beverage outlets.

We are currently working on repositioning ESM to differentiate it from other shopping malls in the vicinity, and giving it its own stamp of unique branding. Our plan is to transform ESM into a vibrant and thriving value-based branded fashion hub, providing a warehouse of brands for consumers. We are currently in the midst of collaborations to strengthen ESM's branding and value proposition, and hope to bring in more tenants which will contribute towards the overall value of ESM.

Since its launch in 2014, RCA has played host for a number of events in Selangor which indicates its attractiveness as an events venue. One of them was the Dance Marathon held in conjunction with World Kidney Day 2015 by the National Kidney Foundation of Malaysia. More than 600 people of all ages came together to dance in support of better kidney health, gathering as early as 7am to dance to popular styles such as Zumba and Sh'bam for more than three hours led by Celebrity Fitness Malaysia's instructor. The event raised RM35,000 which was used to provide underprivileged kidney patients with dialysis treatments.

RCA also saw a burst of fashion style with the 2015 Mercedez-Benz Stylo Fashion Grand Pix Emerging Designers competition, which saw the world of fashion intersecting with the world of luxury cars. More than 100 fashion designer students presented their designs at the competition, contesting for the chance to participate in the Malaysian Fashion Week 2015. Held for three days from March 25 till March 28 in conjunction with the F1 Grand Prix in Sepang, the event also saw a host of other exciting fashion shows, installations, public exhibitions and after parties.

RCA was also the venue for Encorp's winning entry in the Malaysia Book of Records 2015 as the national record holder under the Human Achievement category for 'Most Variety of Breakfast Dishes Served in a Single Event'. The record breaking new entry saw a total of 71 breakfast dish representing popular breakfast dishes from all over Malaysia. Most of the dishes were prepared and served by Encorp employees, an indication of our employees' sterling ability to work together as a team, putting their best foot forward to achieve a new honour for the company.



Encorp Strand Mall

Encorp Marina Puteri Harbour

Ongoing sales efforts of Encorp's fully serviced residences on 3.3 acres of premier waterfront property at Puteri Harbour, Iskandar Malaysia and its commercial and retail units with a Gross Development Value (GDV) of RM656 million continued throughout 2015. Styled as '360 degrees of perfection' the commercial and serviced apartment development of 571 units within two iconic towers offers unparalleled panoramic views of the surrounding area within beautifully designed intelligent architecture.



Encorp Marina Puteri Harbour

PROGRESSING ENCORP'S BUSINESS

In 2015, Encorp wrapped up two major deals with regards to the development of future projects both in Malaysia and abroad.

On the international scene, Encorp's subsidiary Encorp Development Pty Ltd (EDPL) in Australia, partnered with Australian property development company TEW Investments Pty Ltd (TIPL) to develop a 11,000 square metre piece of freehold land located at Tea Tree Close Cockburn Central, about 18 kilometres south of the Perth Central Business District in Perth, Australia. The land will be developed into a multi-level mixed development project comprising 165 residential apartments and commercial units.

The land had been purchased in 2012 by EDPL for RM18.8 million (A$6 million). With an estimated GDV of RM235.9 million (A$75.4 million), the joint venture between EDPL and TIPL will provide EDPL with the opportunity to unlock the value of the currently vacant plot of land and enjoy the

prospects of participation in the development of the project. At home in Malaysia, the milestone development with the Federal Land Development Authority (FELDA) in 2015 was the Memorandum of Understanding (MOU) Signing for the development of Bukit Katil, Melaka. The Master Development Agreement (MDA) which was signed in January 2016 saw Encorp Bukit Katil Sdn Bhd, a wholly owned subsidiary of the Group, obtaining the development rights from FELDA for the 640.98 acres piece of land at Mukim Bukit Katil, District of Melaka Tengah, Melaka for a deferred payment scheme over 13 years with total cash consideration of RM583.6 million.

With a GDV of RM3.2 billion, Encorp plans to develop an integrated township in three phases with a mixture of residential and commercial properties built at a 80:20 ratio. Construction is slated to begin in 2017. The development enjoys a prime location, being only nine minutes from the Ayer Keroh toll plaza on the North South Highway and about 18 minutes from Bandar Hilir Melaka. The project will enable Encorp to collaborate with FELDA in scaling up the development of the land, which is strategically located with strong growth potential.

Additionally, it enables both Encorp and FELDA to tap into each other's strength and expertise, namely land banks owned by FELDA and construction and property development know-how by Encorp. The development also contributed to Encorp substantially increasing its development land banks by 935% to 709.50 acres from its present Malaysian land bank holdings of 68.52 acres.

CORPORATE PROGRESS FOR SUSTAINABLE PROFITS

A new business arm was also established in 2015 for facility management, Encorp Facilities Management Sdn Bhd, which landed a three year contract for maintenance work at Menara FELDA, Kuala Lumpur, which is owned by FELDA. Moving forward, the Encorp team will be actively pursuing more contracts in facilities management to complement the Group's revenue streams.

In 2016, Encorp acquired a new subsidiary Encorp Bukit Katil Sdn Bhd (EBKSB), which is now the master developer for the Bukit Katil project in Melaka. EBKSB represents a milestone for Encorp as a purpose-driven subsidiary set up to develop the FELDA land bank in Bukit Katil over the long-term future. It represents Encorp's delivery on promises we have made to provide our shareholders with valuable returns for their continuing investment and faith in us as a Group. EBKSB presents opportunities in terms of opening up more doors to leverage on our relationship with FELDA, as we work towards identifying more promising ventures for the future.

Additionally, Encorp engaged a consultant for ESM to determine its Optimal Tenant Mix. This move is in line with Encorp's aim of gearing up the image and profitability of ESM within its locale of Kota Damansara in Petaling Jaya, Selangor.

LOOKING AHEAD TO 2016

Moving forward into 2016, we expect an exciting year ahead as the wheels are set in motion for several new projects and ventures. Our strategic direction moving forward is based on progressing our business to solidify our position in the market and unlocking long-term sustainable profits.

Up on our list is the planned launch of 2- and 3-storey homes of Dahlia and Clover. We will also be launching the affordable homes of Rumah Selangorku at Encorp Cahaya Alam, an initiative which is in line with the government's efforts to provide affordable housing for Malaysians. Also to be launched in early 2017 is Akasia 2, the next phase of 2- and 3-storey super link homes in Encorp Cahaya Alam, Shah Alam.

Our joint venture with TIPL in Australia will set us on a path of continuing with expanding our business footprint beyond Malaysian shores, making the most of our land banks overseas.

With the conclusion of the MDA between FELDA and Encorp on Bukit Katil, plans are now underway to begin construction on the project in 2017. This venture will be a long-term development in our books for the next 13 years and holds strong potential for sustainable long-term profitability.

The landmark deal with FELDA represents the first step of a long and successful relationship between Encorp and FELDA, with FELDA having sizeable land banks throughout Malaysia which could be developed by Encorp in the near future. A few other land banks have been identified for property development, and Encorp is in the midst of preliminary discussions with various parties regarding them. In due course, once matters are finalised, we look forward to announcing these projects.

ACKNOWLEDGEMENTS

It has been my privilege and honour to be appointed as Group Chief Executive Officer of Encorp Berhad as at February 2016. I wish to take this opportunity to thank the Board of Directors for their faith and trust in me.

I look forward to serving the needs of the Group, by staying true to the vision and strategic guidance of the Board and working alongside our talented and dedicated Encorp team. I wish to thank all our stakeholders and vendors for their continued support. Finally, my deepest appreciation to our customers who continue to place their trust and faith in us.

Group Chief Executive Officer
Dato' Haji Zakaria Bin Nordin



Joint Venture Development and Management Agreement with TEW Investments Pty Ltd


Leadership



Board of Directors



YB Tan Sri Haji Mohd Isa Bin Dato' Haji Abdul Samad

Non-Executive Chairman
Non-Independent Non-Executive Director

Tan Sri Haji Mohd Isa (Malaysian, aged 66) was appointed as Non-Executive Chairman of Encorp Berhad on 30 June 2014.

Tan Sri Haji Mohd Isa graduated with a Bachelor of Arts from University of Malaya.

Tan Sri Haji Mohd Isa began his career in politics in 1974 as the Deputy Chief of the United Malays National Organisation ("UMNO") Youth of Teluk Kemang. He has held the positions of UMNO Youth Chief of Teluk Kemang, UMNO Chief of Teluk Kemang (a position held until now), State Assemblyman of the Linggi constituency and Negeri Sembilan State Executive Committee.

Tan Sri Haji Mohd Isa was previously the Chief Minister of Negeri Sembilan from 1982 to 2004, Member of Parliament for the Jempol constituency, Minister of Federal Territories and former Vice President of UMNO. He is presently the Chairman of the Federal Land Development Authority ("FELDA"), Felda Global Ventures Holdings Berhad, MSM Malaysia Holdings Berhad, Felda Investment Corporation Sdn Bhd, Felda Holdings Bhd and Pontian United Plantations Berhad. Currently, he holds positions on various boards of private limited companies within the FELDA group of companies.

Tan Sri Haji Mohd Isa 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 10 years.



YBhg Dato' Haji Zakaria Bin Nordin

Non-Independent Executive Director
Group Chief Executive Officer
Member of the Investment Committee

Dato' Haji Zakaria (Malaysian, aged 58) was appointed to the Board of Encorp Berhad on 23 September 2014.

Dato' Haji Zakaria holds a MBA in Accounting & Finance from Charles Darwin University Australia (formerly known as Northern Territory University) and BSC in Surveying & Mapping from East London University. He also graduated with a Diploma in Land Surveying from UiTM, Shah Alam.

Dato' Haji Zakaria began his career with FELDA as Assistant Surveyor from 1980 to 1982. Before becoming an Assemblyman of Ampangan, Negeri Sembilan, he was in business of construction and development from 1985 to 1999. While in the state government, he was appointed as a member of the Ahli Majlis Mesyuarat Kerajaan Negeri, Negeri Sembilan (EXCO) from 1999 to 2008. He was appointed as Group Chief Executive Officer of the Company on 18 February 2016.

Dato' Haji Zakaria 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 10 years.



YBhg Datuk Hanapi Bin Suhada

Non-Independent Non-Executive Director
Member of the Investment Committee

Datuk Hanapi (Malaysian, aged 58) was appointed to the Board of Encorp Berhad on 26 June 2015.

Datuk Hanapi holds a Bachelor of Islamic Studies from University Kebangsaan Malaysia.

Datuk Hanapi is the Director-General of FELDA effective 1 April 2015. Prior to his appointment, he served as FELDA's Acting Director-General since December 2014. He started his career as an Administrative Officer in FELDA in 1981.

Datuk Hanapi was appointed to the Board of Sinergi Perdana Sdn Bhd in April 2015. He is also a Director of several private limited companies within the FELDA group of companies. He is currently a director of MSM Malaysia Holdings Berhad.

Datuk Hanapi 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 10 years.



YB Datuk Noor Ehsanuddin Bin Mohd Harun Narrashid

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

Datuk Noor Ehsanuddin (Malaysian, aged 52) was appointed to the Board of Encorp Berhad on 30 June 2014.

Datuk Noor Ehsanuddin holds a degree in Civil Engineering and Mechanics from Southern Illinois University, Carbondale, United States of America.

Datuk Noor Ehsanuddin began his career as an engineer, working for several private companies including Milford Haven Automation Sdn Bhd and Alfa Laval Sdn Bhd. He was appointed as a Director at Daya Reka Nusantara Development Sdn Bhd in 2006.

In 2008, Datuk Noor Ehsanuddin was appointed as the Director of Seranta (FELDA) in the Prime Minister's Department and he is now a Member of Parliament for the Kota Tinggi constituency. He is currently a Director of FELDA, Felda Global Ventures Holdings Berhad, MSM Malaysia Holdings Berhad, Iris Corporation Berhad, Felda Holdings Berhad and Yayasan FELDA.

Datuk Noor Ehsanuddin 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 10 years.



YBhg Datuk Haji Jaafar Bin Abu Bakar

Independent Non-Executive Director
Chairman of the Audit and Governance Committee
Member of the Nomination and Remuneration Committee
Member of the Investment Committee

Datuk Haji Jaafar (Malaysian, aged 69) 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 and also Chairman of Petaling Tin Berhad.

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 10 years.



YBhg Dato' Feroz Bin A S Moidunny

Independent Non-Executive Director
Member of the Audit and Governance Committee
Chairman of the Nomination and Remuneration Committee

Dato' Feroz (Malaysian, aged 48) was appointed to the Board of Encorp Berhad on 23 July 2013.

Dato' Feroz holds a Bachelors Degree in Law with Honours from Nottingham Trent University, United Kingdom. He completed his Bar examination at University Malaya in 1992. Dato' Feroz was admitted to the Malaysian Bar in 1993.

Dato' Feroz has over 23 years experience as a corporate lawyer and is currently the Managing Partner of Messrs Feroz & Co. Dato' Feroz is highly regarded for his specialized expertise in providing solutions in complicated corporate and commercial issues. Dato' Feroz sits as a director in companies related to the various segments of the oil and gas sector; manufacturing of specialized vehicles; satellite services (VSAT services); television station and information technology provider.

Dato' Feroz holds firm to the view that sound and secure financial concepts and well-structured industrial base are the pre-requisites to attain long term strategies.

Dato' Feroz 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 10 years.



Abdul Rahim Bin Abdul Hamid

Independent Non-Executive Director
Member of the Audit and Governance Committee
Member of the Nomination and Remuneration Committee

Abdul Rahim (Malaysian, aged 65) 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 AEON Co (M) Berhad, Asian Finance Bank Berhad, Ire-Tex Corporation Berhad, Malaysia Debt Ventures Berhad, Malaysia Venture Capital Management Berhad, MIDF Amanah Asset Management Berhad and Petra Energy 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 10 years.

The Winning Team

The Management team of Encorp, committed and dedicated to deliver high-quality and innovative ideas, solutions and work processes, and focussed to help move Encorp in its journey of growth and expansion.



YBhg Dato' Hj Zakaria bin Nordin
Group Chief Executive Officer

Wan Azman bin Wan Abbas
Chief Operating Officer

Sazali bin Salleh
Head of Property

Richard Lim Poi Teik
Head of Construction Management

Dato' Khairul bin Yusni
Head of Encorp Facilities Management

Azahari bin Shaharani
Head of Procurement & Contract Administration



William Seow

Head of Finance

Lee Lay Hong

Head of Legal & Company Secretarial

Azman bin Mohd Yusop

Head of Risk & Planning

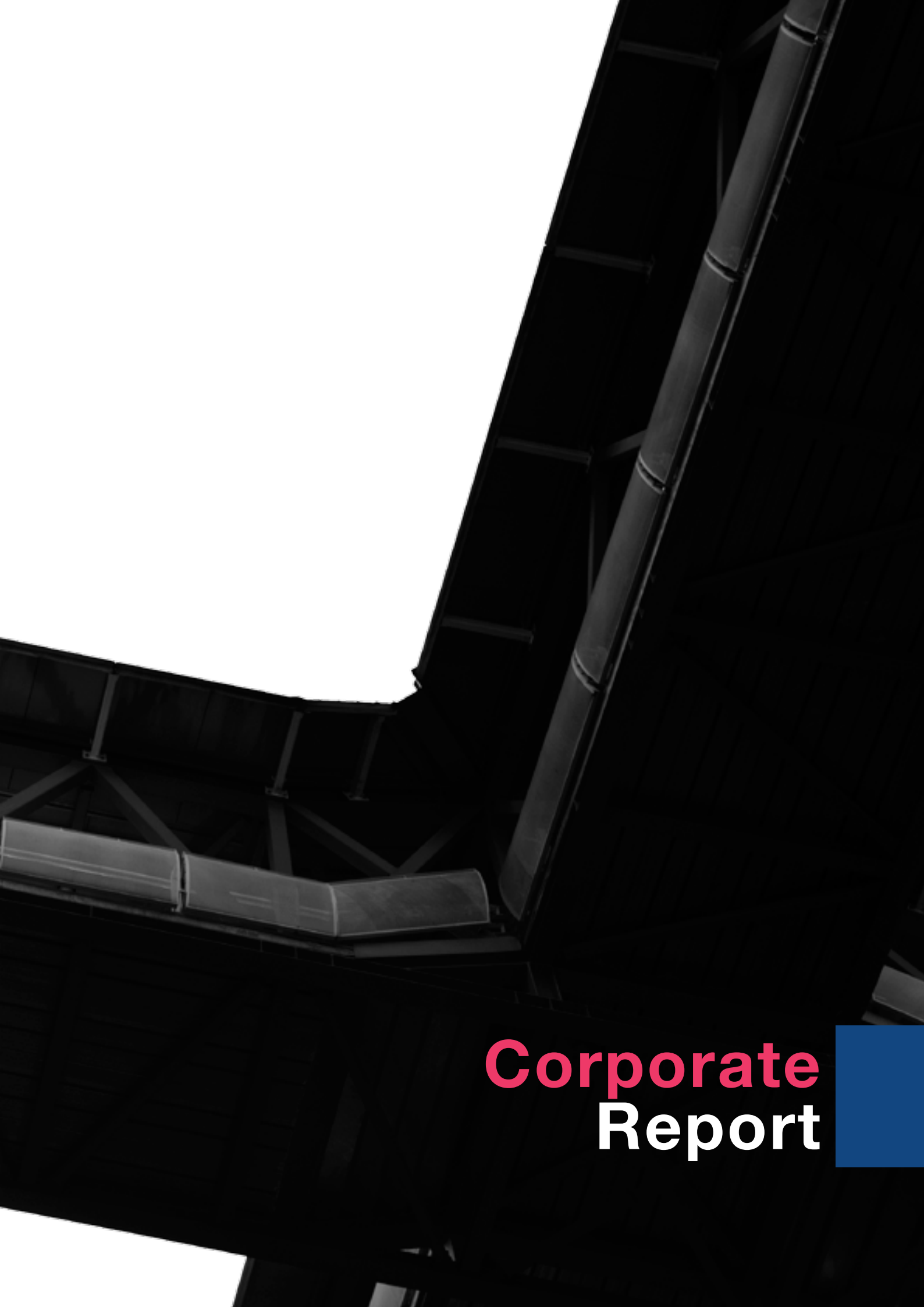
Emiliawati bt Zainol

Head of Human Capital Management

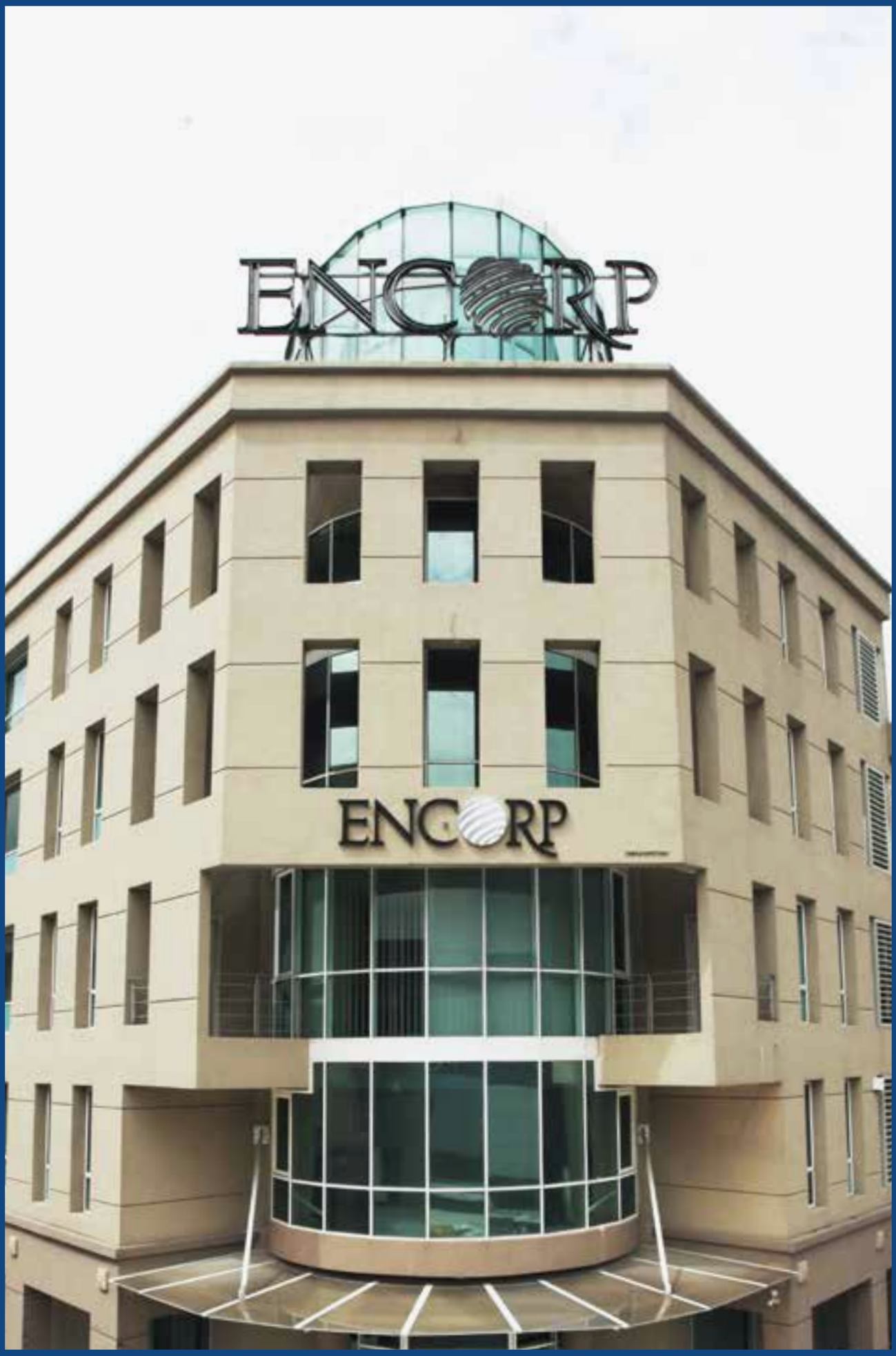
Zamsari bin Jumani

Head of Corporate Affairs & Investor Relations





Corporate Report


ENCORP
ENCORP

Corporate Profile

Encorp's mission is to make a real difference in the lives of its customers, investors and employees by providing products and services which add value and enrich communities' lives. Encorp's transformation roadmap focuses on being one of the top companies in the property development by providing the highest quality, standards, value and service through innovative products and services.

Encorp was founded in March 2000 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003. As of 2015, Felda Investment Corporation Sdn Bhd holds a 70.97% stake in the Company.

Through the years, Encorp and its subsidiaries have expanded its footprint in the property development industry both in Malaysia and Australia. Its property portfolio includes award winning commercial and residential developments which have earned awards and accolades from international bodies. Encorp's signature properties includes Encorp Strand Mall and Encorp Strand Kota Damansara, both of which have won tributes from the Asia Pacific Property Awards.

Encorp employs a high standard of corporate governance and has been recognised by Corporate Governance Asia Recognition Award and the 1st Asian Company Secretary of the Year Awards as one of the outstanding Asian companies in this area. Its human resource management policies and frameworks have made it the employer of choice several years running at the Malaysia HR Awards and the Human Resource Excellence Awards.

Encorp's commitment is towards building properties for the future, with developments designed to be sustainable and environmentally friendly. Since 2011, Encorp has produced a biennial Sustainability Report to provide the marketplace with a clear and transparent account of its work in this area.

Encorp's subsidiaries Encorp Must Sdn Bhd and Must Ehsan Development Sdn Bhd have ISO 9001:2008 certification, reflecting Encorp's commitment to providing the highest quality, standards, value and services in all its developments.

The Group's subsidiary Encorp Bukit Katil Sdn Bhd is the master developer for the Bukit Katil project in Melaka, an integrated township. Encorp Facilities Management Sdn Bhd specialises in facility management, providing its services within the industry while Encorp Construction and Infrastructure Sdn Bhd provides industry-specific construction and infrastructure solutions.

Encorp's roadmap for the future lies in expanding its presence both locally and abroad, by utilising innovative approaches towards providing holistic developments for communities. Encorp continues to look for opportunities to expand its business and to stamp its mark as a highly respected company that delivers on the Encorp Experience of enriching lives through high quality and innovative products and services.

Corporate Information

Board of Directors

YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad
Non-Executive Chairman
Non-Independent Non-Executive Director

Dato' Haji Zakaria bin Nordin
Non-Independent Executive Director
Group Chief Executive Officer

Datuk Hanapi bin Suhada
Non-Independent Non-Executive Director

YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid
Non-Independent Non-Executive Director

Datuk Haji Jaafar bin Abu Bakar
Independent Non-Executive Director

Dato' Feroz bin A S Moidunny
Independent Non-Executive Director

Abdul Rahim bin Abdul Hamid
Independent Non-Executive Director

Audit and Governance Committee

Datuk Haji Jaafar bin Abu Bakar
Chairman

Abdul Rahim bin Abdul Hamid
Member

Dato' Feroz bin A S Moidunny
Member

Nomination and Remuneration Committee

Dato' Feroz bin A S Moidunny
Chairman

Datuk Haji Jaafar bin Abu Bakar
Member

Abdul Rahim bin Abdul Hamid
Member

Investment Committee

YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid
Chairman

Datuk Hanapi bin Suhada
Member

Datuk Haji Jaafar bin Abu Bakar
Member

Dato' Haji Zakaria bin Nordin
Member

Company Secretaries

Lee Lay Hong (LS 0008444)
Nuruluyun binti Abdul Jabar (MIA 9113)

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 62867777
Fax: (6) 03 62867717
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
AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad

Auditors

Ernst & Young (AF: 0039)

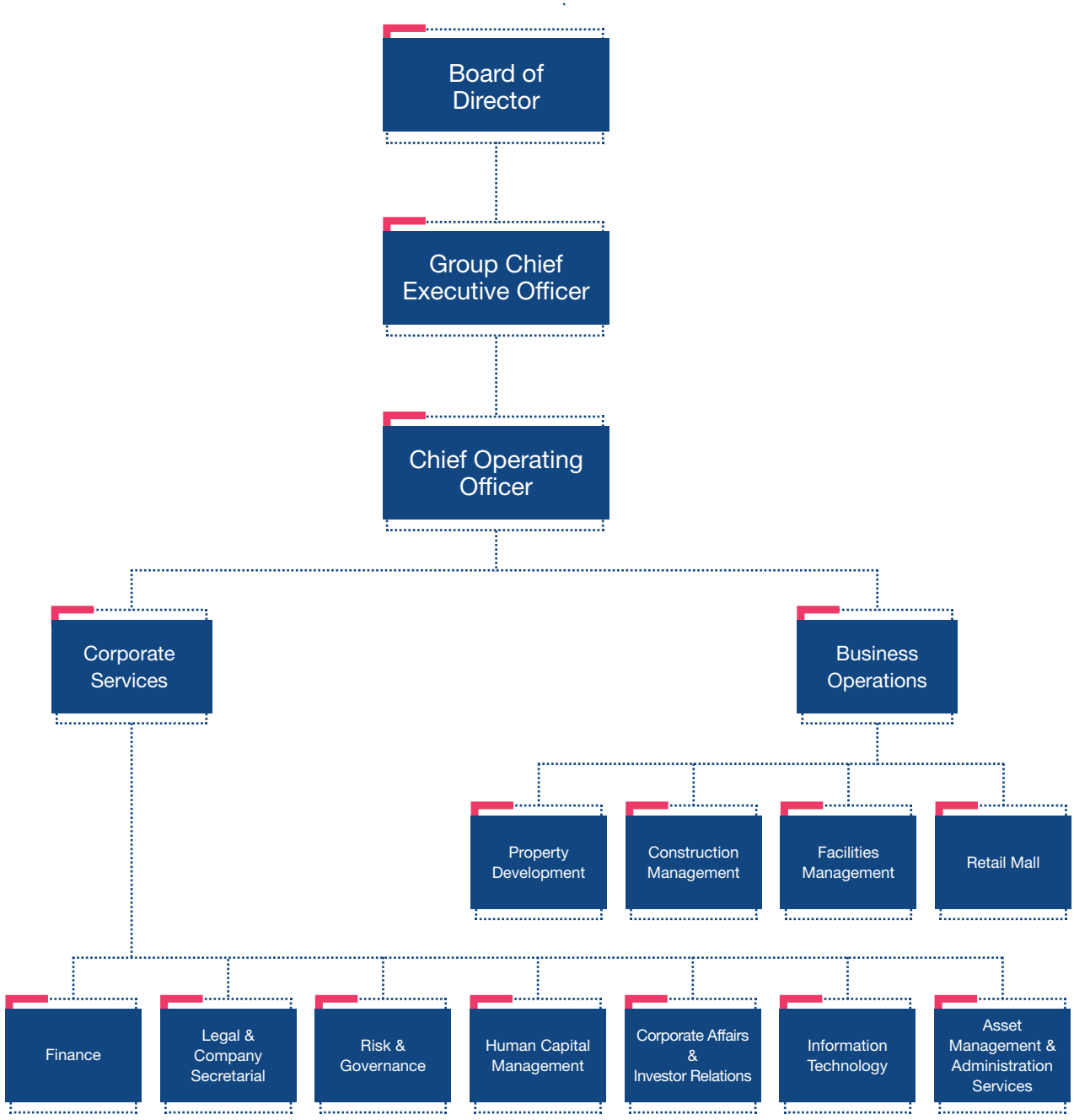
Solicitors

Zul Rafique & Partners
P.Y. Hoh & Tai

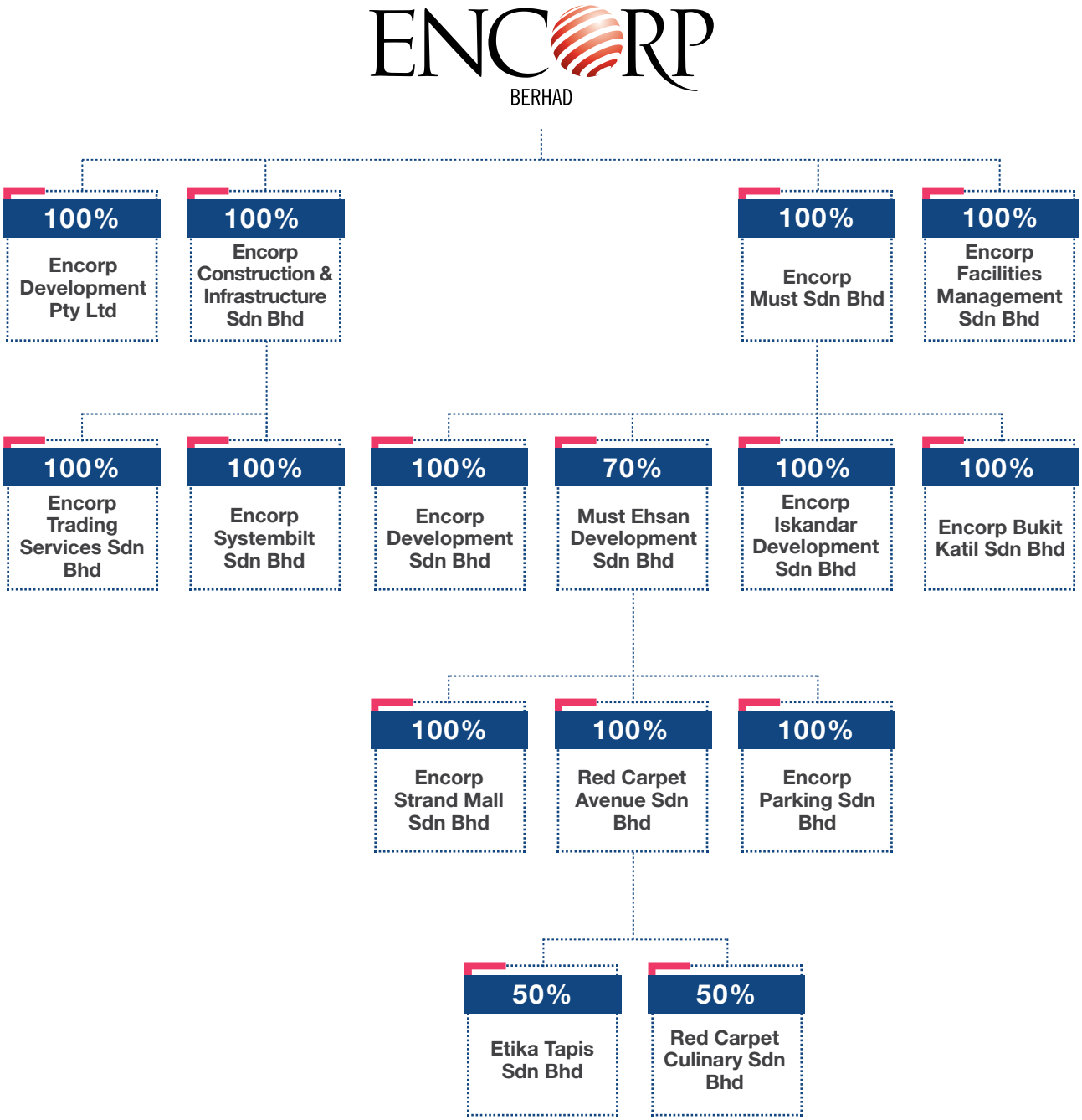
Stock Exchange Listing

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

Organisation Structure

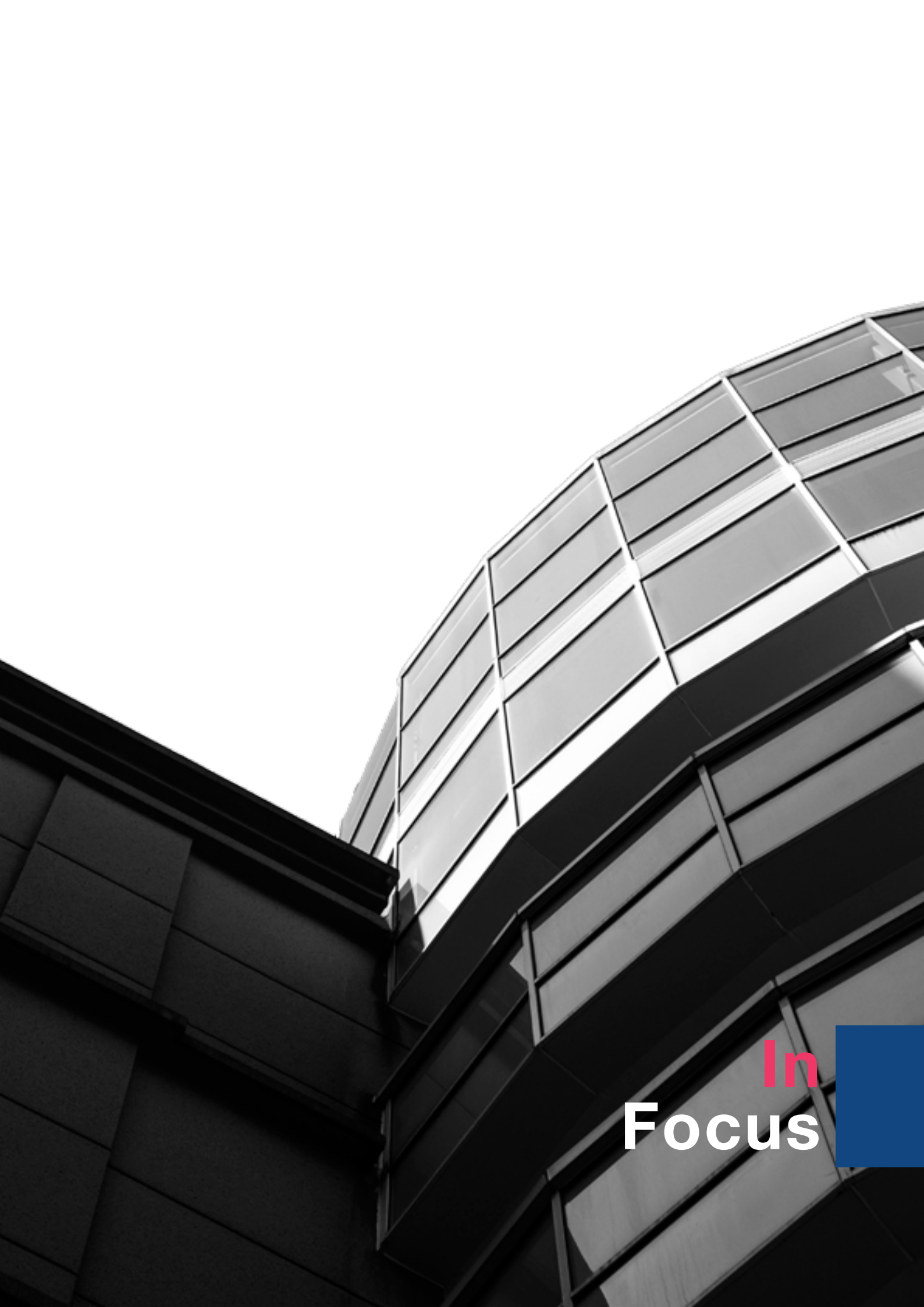


Corporate Structure



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	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





In Focus



Flood Aid for Sekolah Kebangsaan Bukit Dinding Temerloh

Encorp's business journey has focused primarily on realising the promises we had made and delivering progress on those promises.



Encorp contributes to underpreviledged students of SMK Seksyen 4 Kota Damansara

2015 Highlights

22 Jan

ENCORP HELPS EAST COAST FLOOD VICTIMS

The Encorp team collectively contributed school uniforms, shoes, stationeries, exercise books and stoves to the flood victims in Terengganu, Kelantan, Pahang and Perak.

30-31 Jan

FLOOD AID FOR SEKOLAH KEBANGSAAN BUKIT DINDING TEMERLOH

Encorp donated RM7,271 worth of school uniforms, bags and stationeries to 164 children from pre-school to Year 6. Encorp staff also volunteered to paint the teachers' room and a single storey religious class building.

26 Feb

VACANT POSSESSION FOR ENCORP CAHAYA ALAM LOTUS 3

36 units of the final phase of Lotus 3-storey semi-detached homes received Vacant Possession.

28-29 Mar

ENCORP SUPPORTS KIDNEY HEALTH FOR ALL

Encorp sponsored the venue and dance marathon activity as the finale location for World Kidney Day 2015 charity drive in aid of the National Kidney Foundation of Malaysia.

29 Mar

ENCORP SUPPORTS RUN4EASTCOAST 2015

Encorp supported Mercy Malaysia in its 5km run for RUN4EASTCOAST 2015 held at Bukit Jalil National Stadium, Kuala Lumpur. All proceeds from the run was channeled to Mercy Malaysia for efforts in rebuilding and restoring villages which had been destroyed during the East Coast floods.

24 May

ENCORP SUPPORTS COLOUR MY HEART RUN 2015

Encorp participated in the 5km Colour My Heart Run 2015 with proceeds from the run channeled directly to Heart Foundation of Malaysia. The run was held at Dataran Merdeka, Kuala Lumpur.

27 May

ENCORP ANNOUNCES 1ST QUARTER 2015 RESULTS

Encorp recorded its first quarter of 2015 unaudited results with a Profit Before Tax (PBT) of RM1.5 million.

13 June

SPONSORSHIP TO MALAYSIAN AMATEUR BOXING FEDERATION

Encorp contributed RM10,000 by way of a Charity Golf Tournament held at A'Famosa Resort, Melaka to support Malaysia's amateur boxing team.

24 June

15th ANNUAL GENERAL MEETING

Encorp held its 15th Annual General Meeting at Menara FELDA, Kuala Lumpur. All resolutions (except for No. 9) were duly approved by Shareholders of the Company.

24 June

MEMORANDUM OF UNDERSTANDING SIGNING CEREMONY

The Federal Land Development Authority (FELDA) and Encorp entered into a Memorandum of Understanding to collaborate on the development of an integrated township comprising of residential and commercial projects at Bukit Katil, District of Melaka Tengah in the state of Melaka, a leasehold land measuring approximately 640.98 acres.

8 July

RAMADHAN BREAKING OF FAST AT SURAU AN NUR ENCORP CAHAYA ALAM

Encorp organised a Ramadhan breaking of fast with the orphanages of Shah Alam, underpriviledged children of Encorp Cahaya Alam, Resident Association and residents of Encorp Cahaya Alam at its *surau* located within the township.

1 Aug

ENCORP SUPPORTS #MYMERCYRUN2015

Encorp supported Mercy Malaysia in its #mymercyrun2015 7km run held at Padang Merbok, Jalan Parlimen, Kuala Lumpur.

1 Aug

ENCORP CAHAYA ALAM HOMEOWNERS' APPRECIATION EID MUBARAK OPEN HOUSE AND LAUNCH OF AKASIA 1 ENCORP CAHAYA ALAM

Encorp expressed its sincere gratitude and celebrated Eid Mubarak with the community of Encorp Cahaya Alam by offering an extensive dinner for guests alongside exciting children's activities. Encorp also held a launch for Akasia, one of the developments in Encorp Cahaya Alam. Akasia 1 comprises 122 units of 2- and 2-and-half storey superlink homes.

12 Aug

HARI RAYA CELEBRATIONS WITH BUSINESS PARTNERS AND STAKEHOLDERS

Encorp organised a Raya Open House with business partners and stakeholders to continuously build relationships.

21-23 Aug

ENCORP CAREER FAIR 2015

Encorp participated in a Mega Career Fair event organised by JobStreet.com at Mid Valley Exhibition Convention Centre, Kuala Lumpur.

27 Aug

ENCORP ANNOUNCES 2ND QUARTER 2015 RESULTS

Encorp recorded its second quarter of 2015 unaudited results with a PBT of RM-6.9 million.

5 Sept

ENCORP SUPPORTS RELAY FOR LIFE 2015

For the seventh year running, Encorp continued to support Relay For Life 2015 organised by National Cancer Society. The relay was held at Padang MBPJ, Petaling Jaya.

12 Sept

ENCORP CELEBRATES SEHATI SEJIWA

In conjunction with Hari Merdeka and Hari Malaysia, Encorp organised a unity themed colouring competition for children aged four years till twelve years at Encorp Strand Mall. Encorp also had a food sale to patrons who came to support and the proceedings were channeled to Kiwanis Down Syndrome Foundation. Encorp sold RM5,000 worth of coupons during this event.

12 Sept

ENCORP MADE HISTORY AS THE NATIONAL RECORD HOLDER

Encorp created its first entry in the Malaysia Book of Records under the Human Achievement category for the "Most Variety of Breakfast Dishes Served in a Single Event" which was held at the Red Carpet Avenue @ Encorp Strand Mall, Kota Damansara. Encorp prepared a total of 71 breakfast dishes representing popular breakfast food all over Malaysia.

29 Oct

ENCORP ANNOUNCED WINNER AT MALAYSIA HR AWARDS 2015

For the fifth consecutive year, Encorp was announced winner during the Malaysia HR Awards 2015 under the category of Employer of Choice Award (Silver) and HR Leader of the Year (Bronze).

13 Nov

JOINT VENTURE DEVELOPMENT AND MANAGEMENT AGREEMENT

Encorp Development Pty Ltd had entered into a Development and Management Agreement with TEW Investments Pty Ltd to develop an 11,000 square metre freehold land in Tea Tree Close Cockburn Central, Perth, Australia.

14 Nov

SPONSORSHIP FOR GRADUATION DAY

Encorp contributed RM3,400 worth of goodie bags to the students of Genius Aulad Islamic Enrichment Centre and Brainy Bunch International Islamic Montessori during its graduation day for the year ended 2015.

20-22 Nov

ENCORP PARTICIPATED IN THE MALAYSIA INVESTMENT & STOCK EXCHANGE EXPO

Encorp took part in Malaysia Investment & Stock Exchange Expo which was held at Tun Razak Hall 4, Putra World Trade Centre, Kuala Lumpur.

26 Nov

ENCORP ANNOUNCES 3RD QUARTER 2015 RESULT

Encorp recorded its third quarter of 2015 unaudited results with PBT of RM-1.0 million.

30 Nov

ENCORP CONTRIBUTES TO UNDERPRIVILEDGED STUDENTS OF SMK SEKSYEN 4 KOTA DAMANSARA

Encorp gives financial aid of RM1,500 to the less fortunate students of SMK Seksyen 4 Kota Damansara. Ten students were selected in efforts to assist them in their necessary school needs.

30 Nov

ENCORP WINS CIDB QLASSIC AWARD

Encorp was announced winner during the Construction Industry Development Board's (CIDB) Qlassic Day 2015 under the category of Best Qlassic Achievement (Frangipani Phase 1) and High Qlassic Achievement (Frangipani Phase 1 & 2) for its excellence in construction quality.

17 Dec

ENCORP'S EMPLOYEE ANNUAL GATHERING 2015

An Encorp Annual Gathering for staff was held. Themed Class of 85, it was organised by dedicated employees appointed as ambassadors named ENvoice.



Encorp wins CIDB Qlassic Award

...strengthen our processes and improve our efforts with the aim of being the developer of choice, continuing to delight our customers with higher quality products and services which enrich their lives...



Encorp's Raya Open House

Corporate Social Responsibility

Here at Encorp Berhad, our Corporate Social Responsibility (CSR) ethos is an important pillar, embedded into the DNA of our Group. We are of the firm belief that it enhances our organisational capacities through sustained and interactive engagement with key stakeholders. Our CSR activities and initiatives are the embodiment of our ethical values, and the respect and regard we have for the community, our employees, shareholders and the environment. In the Financial Year (FY) 2015, Encorp directed its CSR efforts within different segments as follows.

GROWING WITH THE ENVIRONMENT

Encorp's ongoing commitment to environmentally sustainable and ecologically friendly business practices and project development is an integral part of our sustainable business agenda. Our efforts in reducing our carbon footprint and contributing towards the conservation and protection of our environmental assets is primarily focused on incorporating green design features within our development projects. In FY2015, Encorp's green building development policies focused on incorporating the following eco-friendly elements into the planning, design and construction of our various projects both in Malaysia and abroad.

- Designing and orienting buildings for natural cross ventilation effects.
- Maximising natural lighting in open spacious areas as much as possible.
- Using tinted glass windows to minimise solar radiation.
- Incorporating rainwater harvesting systems to use for watering plants and green areas within our development landscapes and to reduce our tapped water consumption.
- Implementing water saving policies in our developments and project management to practise sustainable water use.
- Incorporating green lungs with vibrant plants and trees within our various developments.
- Using eco-friendly low volatile organic compound paints.
- Regularly conducting inspections and tests to ensure building equipment meets requisite emission standards.
- Monitoring decibel levels of sound on our construction sites to minimise sound pollution.

GROWING WITH OUR COMMUNITY

In FY2015, Encorp maintained its efforts to support the personal and community development of beneficiaries within various segments of society.

Growth of the Community

- In the wake of the East Coast floods of 2014, one of the worst to hit our nation, Encorp team came to the assistance of flood victims by contributing daily necessities such as school uniforms, shoes, stationeries, exercise books and stoves which had been lost during the floods.
- We supported the National Kidney Foundation of Malaysia's fund collection drive by sponsoring the venue and dance marathon activity at Red Carpet Avenue in Encorp Strand Mall, Kota Damansara in conjunction with World Kidney Day 2015. A total of RM35,000 was raised to help underprivileged kidney patients receive dialysis treatments.
- During the month of Ramadhan, Encorp organised a Ramadhan breaking of fast with the orphanages from Shah Alam, underpriviledged children from Encorp Cahaya Alam, the Resident Association and residents of Encorp Cahaya Alam at its *surau* located within the township.
- Encorp supported Mercy Malaysia in its 7 kilometre (km) #mymercyrun2015 which was held at Padang Merbok, Jalan Parlimen, Kuala Lumpur to raise funds for charitable causes.
- For seven years running, Encorp support Relay For Life 2015 organised by National Cancer Society at Padang MBPJ, Petaling Jaya, helping raise funds for the non-governmental organisation (NGO).
- Encorp participated in the 5km Colour My Heart Run 2015 at Dataran Merdeka, Kuala Lumpur, where proceeds were channelled directly to Heart Foundation of Malaysia.
- We supported Mercy Malaysia in its 5km RUN4EASTCOAST 2015 held at Bukit Jalil National Stadium, Kuala Lumpur, where all proceeds were channelled to Mercy Malaysia to use in its efforts to rebuild and restore villages which had been destroyed during the East Coast floods of 2014.



Encorp celebrates Sehati Sejiwa

- In conjunction with Hari Merdeka and Hari Malaysia, Encorp organised food sales at Encorp Strand Mall, the proceeds of which were channelled to Kiwanis Down Syndrome Foundation. We raise around RM5,000 during this event.

Growth of Education

- We extended our School Assistance Programme to students of Sekolah Menengah Kebangsaan Seksyen 4, Kota Damansara, Petaling Jaya. Most of the students come from low income households, and Encorp selected 10 high potential students from low income families to receive financial assistance from the programme. In doing so, we hope to give these students the support they need to progress with their studies and extracurricular activities and carve out a bright future for themselves.
- Encorp came to the assistance of students from Sekolah Kebangsaan Bukit Dinding in Temerloh, Pahang who had been affected by the East Coast floods of 2014. We donated RM7,271 in terms of school uniforms, bags and stationaries to 164 children ranging from pre-school to Year 6. Our hope is that by lifting this burden off their shoulders, we will give them the opportunity to continue with their studies unhindered.
- Encorp contributed RM3,400 worth of goodie bags to the students of Genius Aulad Islamic Enrichment Centre and Brainy Bunch International Islamic Montessori during its graduation day for the year end 2015 as part of its efforts to provide support to students in Malaysia.

Growth of Sports

- We contributed RM10,000 to the Malaysian Amateur Boxing Federation to support Malaysia's amateur boxing team by way of a Charity Golf Tournament held at A'Famosa Resort, Melaka.

GROWING WITH THE MARKET PLACE

In growing with the marketplace, Encorp's efforts focus on practising the highest standards of corporate governance and accountability. We believe that a sustainable business is founded on firm principles and values in business ethics and morality which reflect the market place's expectations for ethical business practices. We continually invest in maintaining and fine tuning our governance related corporate processes and systems to reflect the latest developments and guidelines of the market place.

GROWING WITH THE WORK PLACE

Encorp's CSR philosophy for the work place is founded on a strong commitment to engage with our employees and build up their capacities and capabilities. We believe in promoting harmony within our diverse work force through engagement programmes and activities aimed at increasing the work satisfaction levels and nurturing our team to be more productive and innovative. Throughout FY2015, our achievements and activities have been as follows.

External validations

Encorp continued to receive a number of external validations which demonstrated the value of our efforts within the workplace.

a. Malaysia HR Awards 2015

- The Malaysia HR Awards, an annual event organised since 1999 by Malaysian Institute of Human Resource Management (MIHRM) in partnership with JobStreet.com is one of the most prestigious awards covering human resources in Malaysia. It is strongly supported and endorsed by the human resource community and Encorp has been recognised as winners of various categories over the past five years. Encorp walked away with two awards for 2015:
  - Employer of Choice (Silver Award)
  - HR Leader of the Year (Bronze Award)

b. Best Employers 2.0 – Asia 2015 Study by Aon Hewitt

- The Aon Hewitt survey is a robust international survey which identifies the levels of employee engagement within a company. For 2015, Encorp's results were as follows:
  - Work life balance: Encorp recorded 63% employee engagement levels in the area of work life balance, 2% higher than our 2013 results of 61%, and 6% higher than the average Malaysian score of 57%.
  - High performance culture: Encorp recorded 48% in 2015, which is on par with the average Malaysian score.

Our Employees

Encorp is an equal opportunities employer, believing that a diverse employee base generates greater benefits and rewards. Our work place activities are aimed at nurturing our employees' potential and capabilities, while providing them a secure work place which encourages building positive, collaborative relationships between our team members.

Encorp's workforce totals 172 employees within the following areas of diversity:



172 Employees

Male Employees		Female Employees	
Top Management	2	Top Management	0
Senior Management	7	Senior Management	3
Other Level	83	Other Level	77



172 Employees

Employees by Race		Employees by Age	
Malay	140	Below 30	46
Chinese	21	30 - 39	69
Indian	7	40 - 49	45
Others	4	50 - 59	11
		60 - 69	1

Human Capital Development

Encorp's ongoing commitment to human capital development is founded on our belief in talent development to nurture the growth of the strengths of our team. In 2015, we conducted the following exercises to develop our human capital capacities.

Recruitment

Encorp invested in its recruitment processes and programmes, as part of its bid to attract talent into the organisation. The improvements out of this exercise in 2015 were as follows:

- Streamlined the recruitment process, for example Standard Operating Procedures, and improved manpower requisition (MPR) by initiating e-MPR via Human Resource Intergrated System (HRIS) to expedite the approval process. As well as that, e-MPR recruitment training was provided.
- Increased the effectiveness of the recruitment process by completing more than 60% of overall manpower requisitions for the year 2015. We also expanded the Encorp recruitment channel across various effective sourcing methods such as In-House Executive Search/Headhunting, Job Advertisements and Social Networks.
- Launched Encorp Career page as part of branding and recruitment exercise.
- Invested in stronger Employer Branding by initiating Encorp's participation in Career Fairs for exposure to potential talent pools and markets. At the same, Encorp collaborated with Jobstreet.com Career Microsite to be featured on the Encorp Corporate website.
- Geared up the Encorp Internship Programme by recruiting intern students to work closely with Corporate Services and other departments, as part of an initiative to build capacities and train new talent with skills and knowledge in areas beyond their functional expertise.
- Implemented the Personal Data Protection Act (PDPA) form to protect employees and potential employee's personal data for commercial transactions.

Training and Development

In FY2015, Encorp focused on training and development activities as follows:

a. Encorp revised its training development and delivery plan to be in line with employee needs. In 2015, we analysed the Encorp team's core skills and aligned their performance with functional priorities and desired organisational outcomes as follows:

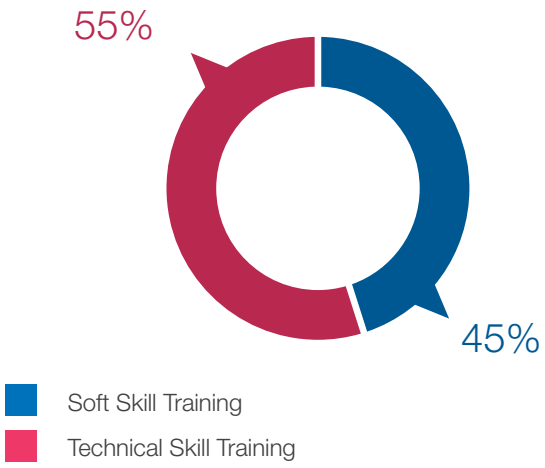
- We have revised the Orientation Programme to a one day on boarding programme for new and existing employees. The Mission, Vision, Shared Values, Corporate Competencies and Employee's Handbook Briefing has been adapted to include presentations by representatives from various departments to give a summarised briefing of critical information related to Information Technology, Safety and Health, Risk Management and Internal Control.
- We repackaged informal opportunities for employees to learn at work by introducing a lunch talk series with monthly themes. The talks are used to convey work information, general knowledge and work life balance initiatives such as:
  - Health Awareness: Cancer Awareness Day, Liver and Spine Day.
  - Financial Issues: Financial Investment, Gold Savings, Money Management and Amanah Saham Bumiputera.
  - Employment Issues: Filling your taxes (LHDN), Employees' Provident Fund and Social Security Organisation (SOSCO).
  - Personal/spiritual topics: Self Protection, Scent Smart, The Perfect Fit, Grooming Session and Zakat.
- We conducted a number of internal training and briefing sessions on the following areas:
  - 5S Awareness at the Workplace
  - Labour Laws – What You Need to Know
  - Construction Industry Development Board Green Card Training
  - Information Technology Clinic

b. Throughout 2015, Encorp employees attended a total of 8,378 hours of training, with an average of 698 training hours per month covering internal and external training courses.

c. For FY2015, Encorp's training strategy was to balance out the delivery of soft skills and technical skills programs. Our soft skill training frequency for 2015 was 45% against 55% of technical skills training.

d. All in all, the Encorp team managed to complete 84% of actual training hours of 8,378 hours based on 2015 training hour forecasts of 10,000 hours, indicating their commitment and perseverance towards their own continuing personal development at the workplace.

Soft Skills Training vs Technical Skills Training Frequency for 2015



Employee Compensation and Benefits

Encorp's compensation and benefits scheme for FY2015 were as follows:

- Conducted a streamlining process of all employee compensation and benefits entitlement within the Group.
- Introduced PMCare for outpatient medical benefits which enables employee to obtain medical treatment on a cashless basis.
- Introduced new insurance plan for employee Group Term Life on top of current insurance plans which covers Group Personal Accident (GPA) and Group Hospitalisation and Surgical (GHS).
- Improved the current insurance package and benefit for GHS for employees.
- Improved employees' compensation and benefits by introducing Housing Allowances for employees who are transferred or seconded to site projects outside of their home base.
- Collaborated with a few corporate banks to introduce personal loans to staff members enjoying a low interest rate.
- Introduced staff discounts on the Encorp property of Akasia in Encorp Cahaya Alam, Shah Alam.
- Extension of benefits to six employees' children who excelled in major examinations in Malaysia.
- Full utilisation of HRIS (e-claim).

Work-life Balance / Employee Engagement

In the course of FY2015, we conducted a number of different activities and celebrations for Encorp employees to participate in and develop the teams bonds, friendships and a happy lifestyle. These included the following:

- A variety of Encorp Fitness Centre activities were introduced to enhance participations such as:
  - Weekly Yoga, Zumba and Personal Training session with a gym operating five days a week;
  - Encorp Fitness Centre Open Day.
- Encorp's Badminton Club conducted weekly badminton practices amongst employees and achieved the following:
  - The team organised and participated in few friendly matches, and emerged second runner-up at the PPK (Malaysia Shopping Malls Association) 2015 Badminton Tournament.
- Encorp's Futsal Club had weekly futsal practices amongst employees and achieved the following:
  - The team organised a friendly game with SOCSO, and were the champions in the PPK (Malaysia Shopping Malls Association) 2015 Futsal Tournament.
- Ka-rao-Ke 6: 01 was conducted once a month for staff to have fun after office hours.
- Encorp Fun Run was organised where employees participated in a number of different runs such as Colour My Heart Run and #mymercyrun.
- Encorp Aidilfitri Open House.
- A Pot Luck Buka Puasa Celebration held during the month of Ramadhan.
- Celebration at Work Days were initiated such as Malaysia Day, Christmas celebrations and many more.
- Encorp bowling team Let's Rock 'N' Bowl participated in the PPK (Malaysia Shopping Malls Association) Bowling Tournament 2015.
- Townhall and Birthday Luncheons for employees.
- Employee Annual Gathering themed Class of '85.

Health and Safety

At Encorp, we believe that a safe and healthy work culture makes for a more conducive working environment. In line with this, Encorp conducted a number of activities in 2015 aligned with health and safety in the workplace as follows:

- Internal awareness campaign

- Safety Briefing during employee orientation
- Lunch talk: Self Protection
- Construction Industry Development Board Green Card training
- Initiated a 5S Awareness training with the following aims :
  - For employees to understand the concept of 5S;
  - To gain an understanding on the benefits of 5S and its applications in the workplace; and
  - To be equipped with guidelines on good housekeeping for improving quality, productivity and safety at workplace.

Encorp also fine-tuned its Safety Statement as follows:

Encorp Berhad Safety Statement

Encorp Berhad is committed to inspire confidence by ensuring the health, safety and wellbeing of its employees and the protection of the Environment.

In reaching this, Encorp Berhad believes in embedding belief, principles and policies of Safety, Health and Environment to all employees and those who are involved in our daily business activities, especially the top management.

Encorp Berhad is committed to comply with provisions of the Occupational Safety & Health Act 1994, its regulation and all the approved code of practice by:-

- Ensuring awareness, accountability, commitment and cooperation among all heads of department and other top management about Occupational Safety and Health and its impact on the performance of the company and employees.
- Identifying any and all hazards in workplace, whether at the office or at construction sites, assessing risks and controlling them to provide a safer work environment for employees and those involved in our activities.
- Periodic review on policy, procedures, documentation and training content to ensure effectiveness and to keep it up to date with current laws and regulations.
- Setting targets and objectives for Occupational Safety, Health and Environment, keeping it monitored and reviewed regularly.

Encorp Berhad shall 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.

INVESTOR RELATIONS

Encorp's role is to continuously improve value for our shareholders to be the investment of choice in the property development and construction industry. Open, transparent and timely communication with our investors is the centrepiece of our investor relations programme.

Among the measures we had in place in FY2015 are:

- Giving our investors, shareholders and other key parties regularly updated progress reports pertaining to the company's finances;
- Updating investors, shareholders and other key parties through both traditional and new media on areas of financial growth and business activities;
- Engaging both traditional and new media to communicate information on Encorp's products and services;
- Providing regular publications on Encorp's policies, corporate governance activities and corporate social responsibility; and
- Regularly communicating with financial and business analysts, business and consumer media, and potential investment partners through a strategic communications mix of interviews, press releases and website updates.



Encorp Raya Open House at Red Carpet Avenue, Encorp Strand

Our Corporate Social Responsibility activities and initiatives are the embodiment of our ethical values, and the respect and regard we have for the community, our employee, shareholders and the environment.



Encorp celebrates Sehati Sejiwa, Children Colouring Competition

Encorp in the News



Felda meterai projek bernilai RM4.9b



BH BISNES

FELDA, ENCORP BINA BANDAR DI BUKIT KATIL



Encorp's Unit Teams Up With TIPL To Develop Land in Australia



Encorp into full-fledged property development



Encorp beri bantuan kepada pelajar kurang berkemampuan



BERNAMA.com

Saham Encorp Meningkat Susulan Potensi Jalin Usaha Sama

Encorp jangka Bahagian Pembinaan catat untung





INSPIRE

RAM Ratings revises Encorp Sukuk's Sukuk rating outlook to positive

IN BRIEF

Encorp, Felda still talking on possible tie-up

KUALA LUMPUR: Encorp Bhd is still in preliminary discussion with its major shareholder, Felda, in exploring potential collaboration. Encorp, in a filing to Bursa Malaysia yesterday, said no formal terms or agreement had been reached. It said the announcement was being made to clarify a recent report which stated that the company was confident of securing joint ventures with Felda in developing landbanks in Selangor, Malacca and Johor. **Bernama**

4-traders

Encorp Berhad : beefing up ops

Recognition of a Growing Encorp



2015

- Winner of Construction Industry Development Board's Qlassic Day 2015
  - 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] - Encorp Strand Mall, Asia Pacific Property Awards 2014-2015

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

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

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

2013

- Winner of the Asia's Outstanding Company on Corporate Governance, 9th Corporate Governance Asia Recognition Awards 2013

- Winner of Overall Excellence Award SCCI, Annual Corporate Report Award 2013

- Winner of the Outstanding Entrepreneurship Award 2013, Asia Pacific Entrepreneurship Award 2013

- Winner of Malaysia HR Awards 2013
  - Employer of Choice Award (Bronze)
  - HR Leader of the Year Award (Bronze)

- Top 50 of Enterprise 50 (E50) Award 2013

- Winner of 1st Asian Company Secretary of the Year Recognition Awards 2013

2012

- Winner of Overall Excellence Award SCCI, Annual Corporate Report Award 2012
- Winner of the BrandLaureate's Most Eminent Brand Iconic Leadership Awards, BrandLaureate Leadership Awards 2012
- Winner of Malaysia HR Awards 2012
  - Employer of Choice Award (Bronze)
  - HR Leader of the Year Award (Silver)

2011

- Winner of the Highly Commended Award (Mixed-Used Development category for Malaysia), Asia Pacific Property Awards 2011
- Winner of Malaysia HR Awards 2011
  - Employer of Choice Award (Bronze)
  - HR Leader of the Year Award (Silver)

2010

- Winner of The Edge – PEPS Value Creation Excellence Award 2010 for non-residential category
- Top 27 of StarBiz ICR Corporate Responsibility Awards 2010



Encorp Strand



Encorp Cahaya Alam Recreational Lake



Encorp Cahaya Alam Linear Park

Driving Our Business Progress

At Encorp, our clear focus over the past year has been driving our business progress, as we gear up towards delivering on our long term mission of being one of the top companies in the property development industry in Malaysia.

Throughout 2015, we have driven progress at Encorp by building the capacities of our people and delivering on the promises we have made.

Our fundamental organisational belief is that by building the human capital capacities of our employees, we will have an extremely skilled workforce as a solid base for strong, sustainable and profitable business growth.

Continuing professional and skill development is a vital component of our organisational ethos and we have consistently invested in the Encorp team by facilitating their development through our various workplace initiatives and programmes. The numerous awards and accolades we have received from local and international Human Resource organisations are testament of our commitments and achievements.

It is through our Encorp team's efforts that we have been able to deliver on promises made to our customers and shareholders, driving the value of our business.

Our employees within our Group of Companies are given opportunities to acquire, maintain and advance their skills as they continue to develop innovative products and services to enhance and enrich the lives of our customers. They have developed strong capacities to continuously adapt their work processes and delivery of products and services based on changing market demands, innovations in new technologies and higher expectations in safeguarding the environment.

As part of our business growth strategy, Encorp has entered into partnerships with strong industry players, as well as continuously refining business proposition to enhance profitability, business performance and competitive advantage.

At the end of the day, our mission remains the same. To deliver on promises we have made to provide value for our customers and shareholders by developing properties which answers the marketplace's needs, within the highest standards of quality and innovation.



Group Financial Highlights

OPERATING RESULT	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	209,885 [N2]	330,385	536,435	396,515	289,927
Profit before tax (PBT)	25,485 [N2]	25,299	115,930	47,192	17,104
Profit after tax	12,074 [N2]	13,940	95,821	29,655	11,886 [N1]
Profit attributable to owners of the parent	7,784 [N2]	10,526	61,496	12,083	6,518 [N1]

FINANCIAL RATIOS	2015	2014	2013	2012	2011
Profit before tax margin (%)	12.1%	24.4%	21.6%	11.9%	5.9%
Basic earnings per share (Sen)	2.79 [N2]	4.20	28.14	5.54	11.26
Closing share price as at end of period (RM)	0.80	1.05	0.99	0.59	0.56
Price-earning ratio (times)	0.29	0.06	0.04	0.11	0.05
Return on capital employed (ROCE) (%)	0.08	0.09	0.14	0.10	0.08
Return on equity (ROE) (%)	0.02	0.03	0.19	0.04	0.09
Net gearing ratio (time) [N3]	0.39	0.39	0.41	0.04	0.17
Net assets per share (sen)	1.42	1.38	1.46	1.22	1.19
Share Capital ('000)	278,645	278,645	224,856	223,509	223,509

N1 The profit after tax and profit attributable to owners of the parent for financial year 2011 has adjusted off tax adjustment of RM23.18 million arising from the reversal of over provision of income tax expenses.

N2 The results for financial year 2015 excludes the result from the discontinued operation.

N3 The net gearing ratios is calculated based on loans and borrowing excluding the Al Bai' Bithaman Ajil Notes and Sukuk Murabahah in relation to the Teachers' Quarter Project, which has no resource to the Company.

KEY BALANCE SHEET DATA	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Property, plant and equipment	7,536	22,846	29,787	21,540	12,222
Investment properties	324,860	343,749	280,396	-	-
Land held for property development and property development cost	166,375	123,407	204,688	353,805	255,154
Trade and other receivables	1,012,666	1,090,665	1,144,894	1,138,427	1,144,719
Inventories	69,737	79,788	1,525	44,972	44,615
Cash & bank balance and Investment Security	127,651	156,347	195,613	298,569	149,001
Other assets	151,899	145,109	187,594	69,600	81,917
Assets of disposal group classified as held for sale	28,224	-	-	-	-
Total Assets	**1,888,948**	**1,961,911**	**2,044,497**	**1,926,913**	**1,687,628**
Loans and borrowings	243,602	248,329	317,508	217,883	132,137
Sukuk Murabahah	987,275	1,028,660	1,078,946	1,206,082	-
Al Bai' Bithaman Ajil Notes	-	-	-	-	1,099,135
Trade and other payables	153,327	176,633	211,850	156,296	142,454
Other liabilities	17,995	36,766	23,825	23,253	16,301
Liabilities of disposal group classified as held for sale	1,251	-	-	-	-
Total Liabilities	**1,403,450**	**1,490,388**	**1,632,129**	**1,603,514**	**1,390,027**
Total Equity	485,498	471,523	412,368	323,399	297,601
Non-controlling interest	91,142	87,006	83,592	49,815	32,243
Shareholders' equity	394,356	384,517	328,776	273,584	265,358





Encorp Cahaya Alam, Akasia

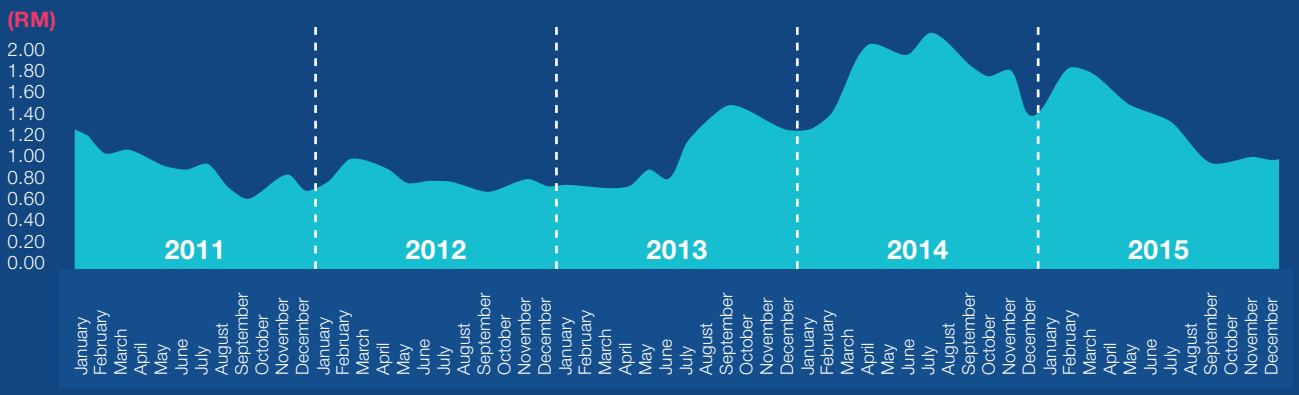
Share Performance

Encorp Berhad (6076)

During the year	2015	2014	2013	2012	2011
Highest (RM)	1.52	1.88	1.28	0.82	1.08
Lowest (RM)	0.72	0.92	0.54	0.54	0.48

Share Prices (Bursa Malaysia)

Based on month-end closing price




tivity of company and subdivisions
Data and prognosis of activity
460
400
320
120
70
50
50
mar.
apr.
may
june
july
Detailed information of changing business activity of subdivisions of main company
Subdivision 1
Subdivision 2
Subdivision 3
Product placement in different regions
Main company
Others
Competitors
Subdivisions
Best subdivision value
Value of all subdivisions
The given analytical report allows to estimate in the full a
current situation both in all company and in its divisions sepa
rately. It will allow to predict more precisely immediate pros
pects of development of the company at the account of pote
ntiation of positive dynamics of growth.
As a result of investigation of period to its next, take a
break-even sales level, increase incomes of direct sales, reduce
costs to transportation, strengthen sale divisions, carry out
personnel training





Corporate Governance

Statement of Corporate Governance

The Board of Directors ("the Board") reaffirms its commitment to and supports the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code").

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

During the financial year under review, the Board continued to adhere to the principles and recommendations of the Code. The Board is pleased to report to the shareholders on its application and measures implemented to strengthen its compliance of the Code in the Statement of Corporate Governance below.

A. BOARD OF DIRECTORS

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

1. Composition of the Board

As at the date of this Statement, there are seven (7) members of the Board, comprising three (3) Independent Directors, three (3) Non-Independent Non-Executive Directors and one (1) Non-Independent Executive Director. The Non-Independent Executive Director, namely Dato' Haji Zakaria bin Nordin has recently been named as Group Chief Executive Officer ("GCEO") of the Company.

This composition complies with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("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.

2. Board Independence and Balance

The Chairman of the Company is a Non-Independent Non-Executive Director. The Board acknowledged that it must comprise of a majority of independent directors where the Chairman is not an independent director. However, the current size and composition of the Board are considered adequate to provide an optimum mix of skills and experiences. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgments and expertise to the Board. Further, the Chairman also ensures proper balance of power and authority on the Board by encouraging robust discussions during meetings. The Independent Directors also provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

In addition, the role of the Chairman and the 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.

One of the recommendations 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 director's re-designation as a non-independent director.

In line with the recommendations of the Code, the Nomination and Remuneration Committee had performed an annual review on the independence of the Independent Directors and 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 three (3) Independent Directors as per the criteria defined under the

Listing Requirements and other independence criteria applied by the Company which took into account that the individual Director is independent 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 them continues to demonstrate behaviours that reflect their independence.

3. 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.

Minutes of all Board meetings are properly recorded in substantial detail and length, including issues discussed in arriving at decisions.

During the financial year under review, six (6) Board meetings and one (1) AGM were held. The summary of attendance of the Board is as follows:

Name of Director	No. of Meetings Attended
Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad	6/6
Dato' Haji Zakaria bin Nordin	6/6
Datuk Hanapi bin Suhada *(Appointed on 26.6.2015)*	2/2
Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	4/6
Datuk Haji Jaafar bin Abu Bakar	6/6
Dato' Feroz bin A S Moidunny	5/6
Abdul Rahim bin Abdul Hamid	5/6

4. Supply of Information

All Directors are provided with the necessary information relating to the business, operations and financial matters of the Company and the Group.

Board meetings are governed by a structured formal agenda for each meeting and the Company adopts the policy of circulating Board papers relating to the agenda to the Directors ahead of scheduled meetings. This ensures that Directors are given sufficient time to review and appraise the issues to be deliberated at the Board meetings. Senior management and/or advisers are invited to attend the Board meetings, where necessary, to provide explanation on additional information on the relevant agenda items tabled at the meeting.

The Board is supported by suitably qualified and competent company secretaries. All Directors have full and unrestricted access to the senior management within the Group and are entitled to the advice and service of the company secretaries. Further, Directors may obtain independent professional advice relating to the affairs of the Group where necessary at the Company's expense, in order for them to discharge their responsibilities.

5. Promote Sustainability

The Board recognises the importance of business sustainability and committed to deliver long-term sustainable values to the stakeholders of the Company. The Company's workplace, marketplace, community and environment are integral part of the Company's social obligation in conducting its business.

The Encorp Sustainability Roadmap was developed in year 2011-2012 to demonstrate a clear way for the Group to address the marketplace, employees, environment and communities that the Group builds in. A Sustainability Policy has been adopted by the Company on 26 November 2015 to integrate the principles of sustainability into the Group's strategies, policies and procedures.

6. Roles and Responsibilities of the Board

In line with the Code, the Board has adopted a Board Charter. 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. More information on the Board Charter 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.

7. Appointment of Directors

When appointing a Director, the Nomination and Remuneration Committee and the Board will consider the background, experience, skill, competency, knowledge and potential contribution of the candidate, whilst the Recommendation 2.2 of the Code will also be given due consideration for boardroom diversity. The Nomination and Remuneration Committee considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Nomination 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 Nomination 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 15.02 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 Nomination 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 Recommendation 2.2 of the Code and will ensure that suitable women candidates are sought and considered as part of the recruitment exercise.

8. Re-Election and Re-Appointment of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are required to retire from office at each 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 who are over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

9. Board Committees

To assist the Board to carry out its duties and responsibilities, the Board has delegated certain functions to the following committees comprising selected members of the Board. Each committee operates within clearly defined terms of reference and makes appropriate recommendations to the Board for decision on matters deliberated by the committee.

a. Audit and Governance Committee

The Audit and Governance Committee is made up of three (3) members comprising entirely of Independent Directors appointed by the Board of Directors and it has written terms of reference clearly setting out its authority and duties. The terms of reference and Report of the Audit and Governance Committee are also provided in this Annual Report.

The Audit and Governance 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 Governance Committee currently comprises the following members:

Name	Designation	Directorship
Datuk Haji Jaafar bin Abu Bakar	Chairman	Independent Non-Executive Director
Abdul Rahim bin Abdul Hamid	Member	Independent Non-Executive Director
Dato' Feroz bin A S Moidunny *(Appointed on 12.3.2015)*	Member	Independent Non-Executive Director

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The Nomination and Remuneration Committee currently comprises the following members:

Name	Designation	Directorship
Dato' Feroz bin A S Moidunny *(Re-designated as Chairman of Nomination and Remuneration Committee on 23.11.2015)*	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar *(Appointed on 23.11.2015)*	Member	Independent Non-Executive Director
Abdul Rahim bin Abdul Hamid *(Appointed on 18.2.2016)*	Member	Independent Non-Executive Director

The Nomination 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.

During the interim period where the Board was in the midst of identifying suitable candidate to act as Chairman of the Nomination and Remuneration Committee, the Board carried out the duties of Nomination and Remuneration Committee to deliberate on the following matters in 2015:

- The re-appointment and re-election of Directors who are subject to retirement at forthcoming AGM;
- Annual Board assessment on the effectiveness and competencies of the Board as a whole, Board Committees and individual directors;
- Evaluation on an annual basis the independence of each Independent Director; and
- 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 contribution to the Board and Group.

In line with the Code, 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.

The Board also 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.

Such implementation ensures a balanced Board, effective in overseeing and providing guidance towards proper management and development of the Company which will, in turn, protect and enhance shareholders' value over the long term.

With the re-designation of Dato' Feroz bin A S Moidunny as Chairman of the Nomination and Remuneration Committee and the appointment of Datuk Haji Jaafar bin Abu Bakar as member of the Nomination and Remuneration Committee on 23 November 2015, one (1) Nomination and Remuneration Committee Meeting was held and attended by all of its members to recommend to the Board, amongst others, the candidates for appointment as senior management of the subsidiaries and the revision of directors' fees.

c. Investment Committee

The Investment Committee is made up of four (4) Directors appointed by the Board of Directors and it has written terms of reference clearly setting out its authority and duties.

The establishment of the Investment Committee is to evaluate and recommend to the Board all significant investments undertaken by the Group. This includes and is not limited to merger and acquisitions, new partnerships, divestments and large capital expenditure projects.

Name	Designation	Directorship
Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	Chairman	Non-Independent Non-Executive Director
Datuk Hanapi bin Suhada	Member	Non-Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar	Member	Independent Non-Executive Director
Dato' Haji Zakaria bin Nordin	Member	Non-Independent Executive Director/GCEO

The duties of the Investment Committee shall be as follows:-

- to establish and review the overall investment policies on all investment-related matters of the Group;
- to review, evaluate and assess prospective investments/divestments, new businesses, projects and joint ventures, taking into account factors such as strategic rationale, return on investment and resource requirements of those prospects;
- to evaluate proposals on new investments and disposals of significant value;
- to review and monitor the current and future capital and financial resources requirements;
- to monitor the fund raising activities of the Group;
- to conduct annual performance evaluation of the Group's investment activities; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Investment Committee and the Board from time to time.

d. 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 Governance Committee on quarterly basis. The Audit and Governance 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.

10. 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 2015, the Directors have attended the following training programmes/seminars/workshops/talks:

- Effective Crisis Communication Workshop : Encorp Berhad
- World Economic Forum Annual Meeting 2015 : World Economic Forum
- Gulfood Dubai 2015 : Dubai World Trade Centre
- Audit Committee Conference 2015 – Rising to New Challlenges : Malaysian Institute of Accountants and The Institute of Internal Auditors
- Lead the Change : Getting Women on Boards : PEMANDU

B. DIRECTORS REMUNERATION

Policies and Procedures

The Nomination and Remuneration Committee recommends the remuneration package for the Executive Directors and the GCEO to the Board for approval. The Executive Directors abstain from deliberation and voting on decisions in respect of their own remuneration.

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

The Directors' Remuneration Policy has been 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 aggregate remuneration of Directors for the financial year ended 31 December 2015 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries / Allowance & Other Emoluments	51.8	202.9
Fees	28.8	600.0
Total	80.6	802.9

The number of Directors whose remuneration falls into each successive band is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 – RM100,000	1	2
RM100,001 - RM150,000	-	3
RM200,001 – RM250,000	-	1

C. SHAREHOLDERS

Communication with Shareholders and Investors

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 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 recommendations under the Code, a shareholders' communication policy was implemented to handle the process of handling queries from its shareholders.

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 has set 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.

Annual General Meeting (AGM)

The AGM is the principal forum for communication with shareholders. The notices of the AGM and annual reports are sent out to shareholders at least twenty-one (21) days before the AGM. The Notice of AGM is also published in a major local newspaper. Details of any special business are included in an explanatory statement to provide relevant information on matters involved.

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.

Recommendation 8.2 of the Code recommends that the Board should encourage poll voting, the Company has always made the necessary preparation for poll voting for all resolutions at its AGM.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a clear, balanced and comprehensive assessment of the Group's financial position and prospects. The financial statements for each financial year and quarterly results are prepared in accordance with the Companies Act, 1965 and applicable Financial Reporting Standards.

The Board is assisted by the Audit and Governance Committee to oversee the Group's financial reporting processes and the accuracy, adequacy and completeness of its financial reporting.

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 Governance Committee. The Group's Statement on Risk Management & Internal Control is set out on page 90 to 93.

Code of Ethics and Conduct

The Board has 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 guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies, amongst others.

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.

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 Governance Committee Chairman; or
- Group 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 raise 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.

Relationship with External Auditors

Through the Audit and Governance 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 Governance Committee Meeting to give their views on the state of affairs of the Company, where necessary. The external auditor also highlights 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 Governance Committee has assessed the independence of Messrs Ernst & Young and was satisfied with their competency and independence. The Audit and Governance Committee has therefore recommended the re-appointment of Messrs. Ernst & Young as auditors to the Board, upon which shareholders' approval will be sought at the forthcoming AGM.

Malaysian Corporate Integrity Pledge

The Group has always been committed in upholding the highest standards of integrity, transparency and good governance in its business operations. Such commitment is manifested in the signing of the Malaysian Corporate Integrity Pledge by the Company on 13 January 2014. Being a signatory to the Malaysian Corporate Integrity Pledge, the Company pledges that it will abide by the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business as well as working together with its business partners, regulators and law enforcement agencies to create a business environment that is free from corruption.



Additional Compliance Information

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

Share Buy Back

As per the Record of Depository as at 21 March 2016, the Company held as treasury shares a total of 386,000 of its 278,644,716 issued ordinary shares. Such treasury shares are held at a carrying amount RM326,732.

Options, Warrants or Convertible Securities

Redeemable Convertible Secured Loan Stocks ("RCSLS") and Warrants

During the financial year under review, no RCSLS were converted and no warrants were exercised into ordinary shares. The RCSLS and warrants of the Company were matured / expired on 17 March 2016.

Options

During the financial year under review, the company did not issue any options.

Depository Receipt Programme

During the financial year under review, the Company did not sponsor any Depository Receipt Programme.

Sanctions/Penalties

There were no sanction and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

Non-Audit Fees

During the financial year under review, the non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2015 is RM511,000.

Variations in Results

There were no variations in results from any profit estimate, forecast, projection or unaudited results announced.

Profit Guarantee

No profit guarantee was given by the Company for the financial year under review.

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 property in the ordinary course of business with related parties ("Recurrent Transaction") at the Fifttеenth Annual General Meeting held on 24 June 2015. During the financial year ended 31 December 2015, there was no Recurrent Transaction conducted under the shareholders' mandate.



15th Annual General Meeting

Audit and Governance Committee Report

The Board of Directors is pleased to present the report on the Audit and Governance Committee for the financial year ended 31 December 2015.

MEMBERSHIP AND MEETINGS OF THE AUDIT AND GOVERNANCE COMMITTEE

During the financial year ended 31 December 2015, the Audit and Governance Committee convened seven (7) meetings which were attended by the members as tabulated below:-

Name of members	Directorship	No. of Meetings Attended
Datuk Haji Jaafar bin Abu Bakar	Chairman, Independent Non-Executive Director	7/7
Abdul Rahim bin Abdul Hamid	Independent Non-Executive Director	6/7
Dato' Feroz bin A S Moidunny *(Appointed on 12.3.2015)*	Independent Non-Executive Director	5/5
Dato' Haji Zakaria bin Nordin (Resigned on 12.3.2015)	Group Chief Executive Officer, Non-Independent Executive Director	2/2

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

The Audit and Governance Committee also met separately with the external auditors without the Executive Board members and management's presence on two (2) occasions during the year.

TERMS OF REFERENCE OF AUDIT AND GOVERNANCE COMMITTEE

Objective

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

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

All members of the Audit and Governance Committee shall be financially literate and at least one (1) member of the Audit and Governance 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 II 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 Governance Committee.

The term of office and performance of the Audit and Governance Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit and Governance Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Audit and Governance 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 Governance 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 Governance Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Meetings

The Audit and Governance 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 Governance Committee shall convene a meeting of the Audit and Governance 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 Governance Committee shall engage on a continuous basis with senior management, such as the chief executive officer, the group director, 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, the group director, 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 Governance Committee.

The Audit and Governance 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 Governance 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 Governance Committee shall have a second or casting vote.

Resolution in Writing

A resolution in writing, signed by all the members of the Audit and Governance Committee for the time being entitled to receive notice of a meeting of the Audit and Governance Committee, shall be as valid and effectual as if it had been passed at a meeting of the Audit and Governance 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 Governance Committee and also to the other members of the Board. The Chairman of the Audit and Governance Committee shall report on each meeting to the Board.

The minutes of the Audit and Governance 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 Governance Committee meeting, the majority of members present must be independent directors.

Authority

The Audit and Governance 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 Governance 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 Governance Committee shall promptly report such matter to Bursa Securities.

Duties

The duties of the Audit and Governance 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 Governance Committee and the Board from time to time.

TRAINING

The Audit and Governance 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:

- Audit Committee Conference 2015 - Rising to New Challenges: Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia.

SUMMARY OF ACTIVITIES OF THE AUDIT AND GOVERNANCE COMMITTEE DURING THE YEAR

In accordance with its terms of reference, the following activities were undertaken during the year by the Audit and Governance Committee:

- Reviewed the quarterly unaudited financial statements of the Group for the financial quarters ended 31 December 2014, 31 March 2015, 30 June 2015 and 30 September 2015 with Management prior to the Board's deliberation and approval for their release to the Bursa Securities.
- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2015 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.
- 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 revised Limits of Authority to the Board for approval.
- Reviewed and recommended the Corporate Governace Statement, Audit and Governance Committee Report and Statement of Risk Management and Internal Control 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 2015.
- Reviewed and approved the annual internal audit plan for 2016.
- 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, NGL Tricor Governance Sdn Bhd ("NGL Tricor"), which assists the Audit and Governance Committee in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the Audit and Governance Committee.

NGL Tricor provides independent and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

During the financial year ended 31 December 2015, the major activities carried out by NGL Tricor were as follows:

- Developed the annual internal audit plan and submitted that plan to the Audit and Governance Committee for review and approval.
- Performed risk-based internal audits on a quarterly basis on a variety of areas such as financial, operational and compliance audits as specified in the approved annual audit plan including, and as appropriate, any special tasks or projects requested by Management.
- Issued audit reports to the Audit and Governance Committee detailing audit issues and recommendations for corrective actions to be adopted by Management, to overcome the deficiencies or to enhance controls.
- Issued quarterly internal audit reports that summarised audit activities carried out and audit issued raised.
- Conducted follow-up on selected area upon Audit and Governance Committee's request.

The costs incurred for the internal audit function for the financial year ended 31 December 2015 amounted to RM84,000.



Statement on Risk Management & Internal Control

Responsibility

The Board of Directors (the Board) acknowledges the importance of sound risk management and internal controls system towards achieving good corporate governance. The Board believes that an effective risk management is essential to Encorp in its quest to achieve its corporate objectives, especially in the continued profitability and enhancement of shareholder's value in today's rapidly changing market environment.

The Board affirms its overall responsibility in maintaining Encorp's systems of risk management and internal controls which include the establishment of an appropriate control environment and framework, processes and structures and continually reviewing the adequacy and integrity to safeguard shareholders' investment and Encorp's assets. The system is designed to manage the risks to which Encorp is exposed to in pursuing its business objectives, rather than eliminate the risk. In addition, it can only provide reasonable but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations. The process is regularly reviewed by the Board and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors' of Listed Issuers.

The oversight role of the internal controls will be carried out by Audit & Governance Committee (AGC) on behalf of the Board. AGC will identify the critical risk areas and communicate to the Board.

Risk Management Framework

The Board through AGC has established a risk management framework to evaluate and improve the adequacy and effectiveness of the Encorp's risk management process. The key elements of the risk management framework are as follows:

a. A documented risk management policy and procedure
   - Identifying particular events or circumstances relevant to Encorp's objectives
   - Assessing the risks in terms of likelihood and impact
   - Evaluating the risks
   - Determining the action plans to address the risk identified
   - Monitoring the progress of action plans and reviewing the business risks from time to time

b. Lines of responsibility and accountability

c. Defined parameters for risk rating

Policy

The Board recognises that an effective risk management practice is a critical component of internal control. The Board has the ultimate responsibility for the system of internal controls and the risk management practices of Encorp.

The Board determines the level of risk acceptable to Encorp relating to its core operations by setting the appropriate limits for adherence by management after taking into account the risk parameters, nature, size, mix and complexity of business and operations. The task of identifying and evaluating the key business risks of Encorp is delegated to Audit and Governance Committee (AGC), who will be responsible for the establishment and implementation of appropriate system of internal controls in managing these risks. The key principles of managing risks are as follows:

- Encorp is responsible for managing the risks associated with its objectives;
- Risk management approach must be tailored to the particular business circumstances and embedded within Encorp's strategic planning process, performance measurement system and day-to-day operations as relevant;
- All material risks are to be identified, analysed, responded, monitored and reported; and
- Management should regularly assess compliance with policies and practices, and the state of risk management and control.

The Board with the assistance of the AGC and the Risk Management Committee (RMC) continuously review the overall management of principal areas of risk. The AGC is briefed quarterly by the RMC. The RMC comprise the Encorp's senior management and the head of departments & divisions.

The main duties of the RMC are to assist the AGC in carrying out its duties as follows:

- Reviewing and recommending risk management strategies, policies and risk tolerance for the Board's approval;
- Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively;
- Ensuring adequate infrastructure, resources and systems are in place for an effective risk management; and
- Reviewing the management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The Risk Management Department (RMD) is responsible for formulating the risk management policy, monitoring its implementation and providing necessary resources. RMD also ensures that principle risks are identified with appropriate controls put in place and periodical risk reports are submitted to AGC. RMD is also responsible for establishing and maintaining an effective ERM framework, coordinating and facilitating the risk management process, creating risk-aware culture, monitoring and reporting of risk in order to assist the Board and Management in managing risk in Encorp.

The RMD is supported by the Risk Management Officer (RMO) at the operational level. The members of RMO comprise representatives from departmental operations and support functions. Meetings and discussions were conducted by RMD with RMO members to deliberate, monitor and implement their respective risk areas by reviewing and updating the risk register. RMO also assisted in confirming that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. The risk profile of Encorp was compiled to help RMC and the Board to prioritise their focus on areas of high risks.

Internal Audit

During the year, the internal audit function was outsourced to an independent consulting firm, NGL Tricor Governance Sdn Bhd, to provide assurance on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit reviews had been carried out based on a risk-based audit approach and its findings were presented to the AGC on a quarterly basis.

In the year under review, the following functions and processes of companies within the group were reviewed by the internal auditors:

- Fixed assets management system;
- Tendering and procurement process;
- Leasing process;
- Revenue recognition;
- Accounts receivables;
- Accounts payables;
- Treasury;
- Promotion & advertisement for properties;
- Determination of pricing strategies; and
- Sales commission calculation.

The findings arising from the above reviews have been reported to the management for their responses and subsequently tabled to the AGC for deliberation. Where weaknesses were identified, recommendations for rectification or improvement of processes and / or procedures have been or are being put in place to strengthen the controls.

Other Key Elements of Internal Control

Apart from risk management and audit, the other key elements of the Group's system of internal controls are as follows:

a. Group Vision and Organisation Structure

- Clear Group's vision, mission and shared values which are continuously communicated to employees at all levels.
- The Group has established an organisation structure with clearly defined lines of responsibility, accountability, authority and reporting. This includes establishing Board Committees with well-defined terms of reference.

b. Policies, Procedures and Limits of Authority

- Policies and procedures manuals of most operating units are in place to guide staff in their work.
- Periodic internal and external Quality, Safety and Environmental audits are conducted to ensure compliance with the Quality Management System, the ISO 9001: 2008 and Occupational Health, Safety and Environmental Management System.
- Limits of Authority clearly defines the lines of authority in making operational and commercial business decisions.

c. Monitoring Process by Audit and Governance Committee

- Review quarterly results before approval by the Board for public releases and annual report of the Group.
- Review of internal and external audit plans.
- Review internal audit reports that detail the audit findings, appropriate recommendations and action plans.
- Review external auditors report on any issues identified in the course of their work including management letter points.

d. Strategic Business Plan, Budget and Management Reporting

- The business plan and annual budget are prepared and presented to the Board for approval.
- Regular and comprehensive information is provided by the Management and on a quarterly basis to the Board covering financial results and key business performance.
- Consolidated monthly management accounts and quarterly forecast performance which allow Management to focus on areas of concern.
- Monthly results against budget are monitored with major variances being followed up and management action taken, where necessary.
- Regular meetings at departmental, divisional and subsidiary levels provide a sound platform for staff to communicate with, and provide feedback to and from management.

e. Performance Review

- Regular performance appraisal monitoring system based on achievement of agreed targets for all levels of staff is practised using a Human Resource Information System.

f. Training and Development Programmes

- Relevant trainings and development programmes are established to ensure that staffs are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

g. Insurance and Physical Safeguard

- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

h. Whistle Blowing Policy

- A whistle blowing policy is in place to encourage the reporting in good faith of any suspected improper conduct whilst protecting the informants from reprisal within the limits of the law.

Conclusion

In the year under review, there were no material losses, incurred as a result of weakness in the internal control that would require disclosure in this annual report. Management continues to take measures to strengthen the control environment and there will be continual focus on measures to protect and enhance shareholder value and business sustainability.

Based on inquiry, information and assurance provided by the Executive Committee and General Manager, Risk & Governance, the Board is of the view that the Group's overall risk management and internal control system is operating adequately and effectively, in all material aspects. The Board confirms that the risk management and internal control process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2015 up to the date of approval of this statement. This statement is made in accordance with the resolution of the Board of Directors on 18 February 2016.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditor has reviewed this Statement on Risk Management and Internal Control. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is this statement factually inaccurate.

Statement of Directors' Responsibility

On Annual Audited Financial Statements

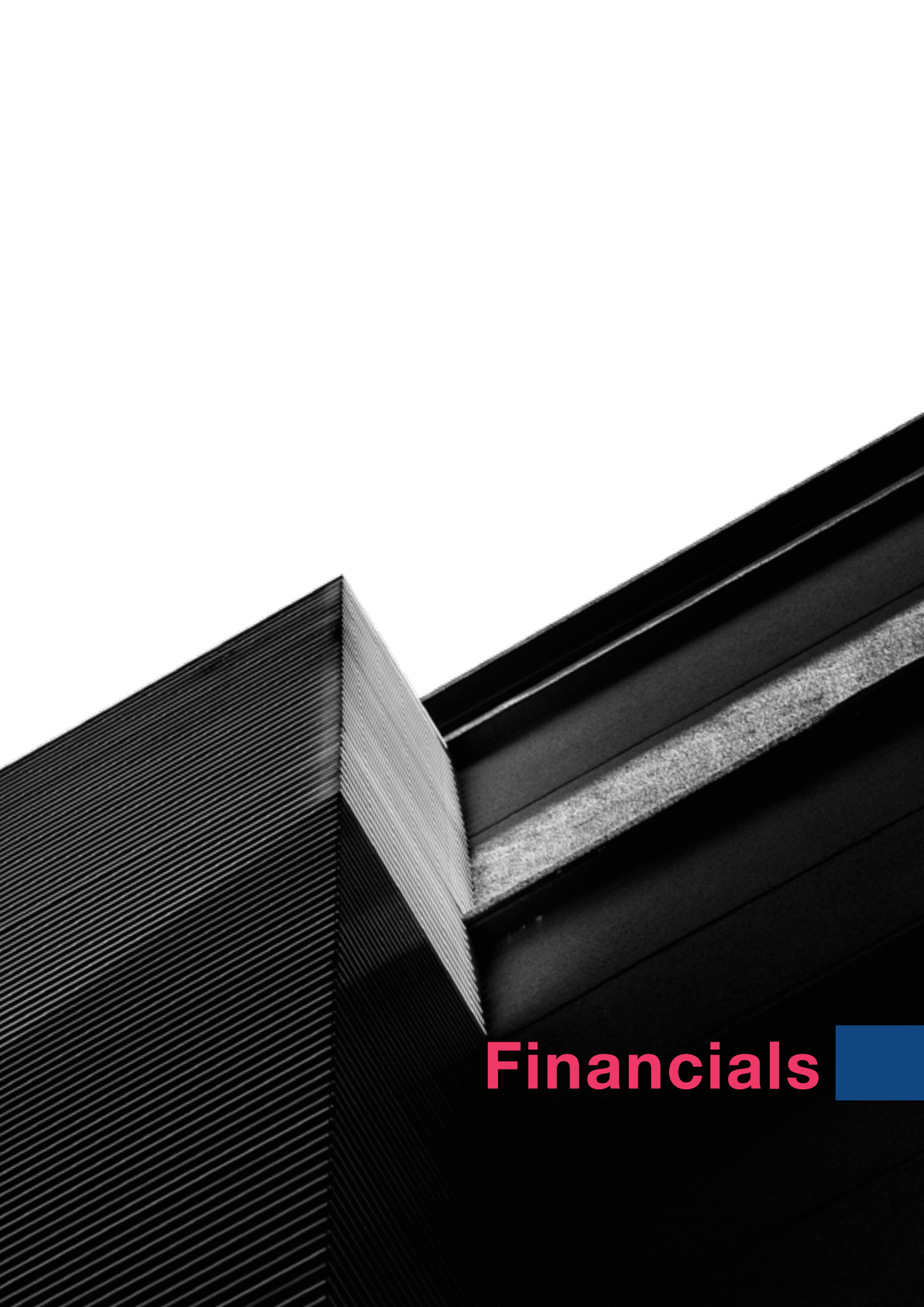
The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 1965, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the state of affairs of the Company and all its subsidiaries ("Group") as at the end of each financial year.

In preparing the financial statements for the financial year ended 31 December 2015, 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.


Community Living



Financials

Directors' Report &
Audited Financial Statements

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

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

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 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit/(loss) from continuing operations, net of tax	12,074	(47,645)
Loss from discontinued operation, net of tax	(6,404)	-
	5,670	(47,645)
Profit/(loss) attributable to:		
Owners of the parent	1,380	(47,645)
Non-controlling interest	4,290	-
	5,670	(47,645)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than:

(a) the recognition of changes in fair value of investment properties which have resulted in an increase in the Group's profit before tax by RM8,111,000 as disclosed in Note 17(a) to the financial statements; and

(b) the net gain on disposal of a subsidiary amounting to RM8,051,000 as disclosed in Note 12 to the financial statements.

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

Dividends

There was no dividends paid by the Company during the financial year and the directors do not recommend the payment of any final dividend for the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Haji Mohd Isa Bin Dato' Haji Abdul Samad
Dato' Haji Zakaria Bin Nordin
Datuk Noor Ehsanuddin Bin Mohd Harun Narrashid
Datuk Haji Jaafar Bin Abu Bakar
Abdul Rahim Bin Abdul Hamid
Dato' Feroz Bin A S Moidunny
Datuk Hanapi Bin Suhada (appointed on 26 June 2015)
Mohd Zaid Bin Abdul Jalil (retired on 24 June 2015)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors 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 36 to the financial statements.

Encorp Berhad (506836-X)
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Directors' interest

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

Treasury shares

On 12 February 2015, the Company resold 5,000,000 of its treasury shares at the price of RM1.10 per treasury share for a total consideration of RM5,490,550.

As at 31 December 2015, the Company held as treasury shares a total of 386,000 of its 278,644,716 issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,732 and further relevant details are disclosed in Note 32 to the financial statements.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that 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.

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

Other statutory information (contd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) 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; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

(d) 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.

(e) 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; or

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

(f) 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 or of the Company for the financial year in which this report is made.

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

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2016.

Dato' Haji Zakaria Bin Nordin

Datuk Haji Jaafar Bin Abu Bakar

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

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Haji Zakaria Bin Nordin and Datuk Haji Jaafar Bin Abu Bakar, 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 108 to 229 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2015 and of their financial performance and cash flows for the year then ended.

Supplementary information – breakdown of retained profits into realised and unrealised

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, as above, the information set out in Note 42 to the financial statements on page 230 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2016.

Dato' Haji Zakaria Bin Nordin

Datuk Haji Jaafar Bin Abu Bakar

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Wan Azman Bin Wan Abbas, 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 108 to 230 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 Wan Azman Bin Wan Abbas
at Petaling Jaya in the state of Selangor
Darul Ehsan on 18 April 2016

Wan Azman Bin Wan Abbas

Before me,
Guna Papoo (B338)
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 financial statements

We have audited the financial statements of Encorp Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 108 to 229.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

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

Independent auditors' report to the members of
Encorp Berhad (contd.)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

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

Independent auditors' report to the members of
Encorp Berhad (contd.)
(Incorporated in Malaysia)

Other matters

The supplementary information set out in Note 42 to the financial statements on page 230 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit and Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choo Kai
No. 2030/03/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
18 April 2016

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

Income statements
For the year ended 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	4	209,885	252,152	4,632	8,808
Cost of sales	5	(60,849)	(90,829)	-	(17)
Gross profit		149,036	161,323	4,632	8,791
Other income	6	31,667	55,110	6,355	18,719
Selling and marketing expenses		(2,948)	(8,070)	-	-
Administrative expenses		(42,191)	(29,193)	(56,800)	(14,936)
Finance costs	7	(108,850)	(113,873)	(2,503)	(4,328)
Other expenses		(1,229)	(3,809)	(651)	(964)
Profit/(loss) before tax	8	25,485	61,488	(48,967)	7,282
Income tax	11	(13,411)	(12,096)	1,322	(756)
Profit/(loss) from continuing operations, net of tax		12,074	49,392	(47,645)	6,526
Discontinued operations					
Loss from discontinued operations, net of tax	12	(6,404)	(35,452)	-	-
Profit/(loss) net of tax		5,670	13,940	(47,645)	6,526
Earnings per share attributable to owners of the parent (sen per share)					
Basic	13	0.50	4.20		
Earnings per share from continuing operations attributable to owners of the parent (sen per share)					
Basic	13(a)	2.79	18.34		
Loss per share from discontinued operations attributable to owners of the parent (sen per share)					
Basic	13(b)	(2.30)	(14.14)		

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

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

Statements of comprehensive income
For the year ended 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Profit/(loss) net of tax		5,670	13,940	(47,645)	6,526
Other comprehensive income					
Foreign currency translation	33(b)	2,969	(980)	-	-
Total comprehensive income/(loss) for the year		8,639	12,960	(47,645)	6,526
Profit/(loss) attributable to:					
Owners of the parent		1,380	10,526	(47,645)	6,526
Non-controlling interest		4,290	3,414	-	-
		5,670	13,940	(47,645)	6,526
Total comprehensive income/(loss) attributable to:					
Owners of the parent		4,349	9,546	(47,645)	6,526
Non-controlling interest		4,290	3,414	-	-
		8,639	12,960	(47,645)	6,526

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

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

Consolidated statement of financial position
As at 31 December 2015

	Note	Group 31.12.2015 RM'000	31.12.2014 RM'000 (Restated)	1.1.2014 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	15	7,536	22,846	29,787
Intangible assets	16	25,234	24,969	25,165
Completed investment properties	17(a)	324,860	343,749	103,300
Investment property under construction	17(b)	-	-	177,096
Land held for property development	18(a)	93,028	68,259	69,151
Trade and other receivables	20	922,472	960,581	998,292
Deferred tax assets	21	4,339	7,746	7,550
		1,377,469	1,428,150	1,410,341
Current assets				
Property development costs	18(b)	73,347	55,148	135,537
Inventories	22	69,737	79,788	1,525
Tax recoverable		8,981	6,332	1,394
Trade and other receivables	20	90,194	130,084	146,602
Other current assets	23	113,345	106,062	153,485
Investment security	25	109,961	108,300	115,808
Cash and bank balances	26	17,690	48,047	79,805
		483,255	533,761	634,156
Assets of disposal group classified as held for sale	27	28,224	-	-
		511,479	533,761	634,156
Total assets		1,888,948	1,961,911	2,044,497

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

Consolidated statement of financial position
As at 31 December 2015 (contd.)

	Note	Group 31.12.2015 RM'000	31.12.2014 RM'000 (Restated)	1.1.2014 RM'000 (Restated)
Equity and liabilities				
Current liabilities				
Trade and other payables	28	145,597	144,056	178,536
Provision	29(a)	10,243	-	-
Other current liabilities	29(b)	3,692	33,905	11,255
Loans and borrowings	30	136,022	122,704	145,370
Income tax payable		10	3	9,727
		295,564	300,668	344,888
Liabilities directly associated with disposal group classified as held for sale	27	1,251	-	-
		296,815	300,668	344,888
Net current assets		214,664	233,093	289,268
Non-current liabilities				
Trade payables	28	7,730	32,577	33,314
Loans and borrowings	30	1,094,855	1,154,285	1,251,084
Deferred tax liabilities	21	4,050	2,858	2,843
		1,106,635	1,189,720	1,287,241
Total liabilities		1,403,450	1,490,388	1,632,129
Net assets		485,498	471,523	412,368
Equity attributable to owners of the parent				
Share capital	32	278,645	278,645	224,856
Treasury shares	32	(327)	(4,559)	(4,559)
Share premium	32	104,302	103,044	102,440
Other reserves	33	4,582	1,613	2,593
Retained earnings		7,154	5,774	3,446
		394,356	384,517	328,776
Non-controlling interest		91,142	87,006	83,592
Total equity		485,498	471,523	412,368
Total equity and liabilities		1,888,948	1,961,911	2,044,497

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

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

Statement of financial position
As at 31 December 2015

	Note	Company	
		31.12.2015	31.12.2014
		RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	15	1,639	2,599
Intangible assets	16	514	113
Completed investment properties	17(a)	-	35,449
Investment in subsidiaries	19	295,960	295,960
Other receivables	20	6,645	-
		304,758	334,121
Current assets			
Trade and other receivables	20	132,676	146,574
Other current assets	23	167	202
Investment security	25	68	69
Cash and bank balances	26	3,473	2,870
		136,384	149,715
Assets of disposal group classified as held for sale	27(a)	27,000	-
		163,384	149,715
Total assets		468,142	483,836

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

Statement of financial position
As at 31 December 2015 (contd.)

	Note	Company 31.12.2015 RM'000	Company 31.12.2014 RM'000
Equity and liabilities			
Current liabilities			
Other payables	28	31,572	19,546
Loans and borrowings	30	42,709	17,136
Income tax payable		8	-
		74,289	36,682
Net current assets		89,095	113,033
Non-current liabilities			
Loans and borrowings	30	11,466	22,190
Deferred tax liabilities	21	390	812
		11,856	23,002
Total liabilities		86,145	59,684
Net assets		381,997	424,152
Equity attributable to owners of the parent			
Share capital	32	278,645	278,645
Treasury shares	32	(327)	(4,559)
Share premium	32	104,302	103,044
Other reserves	33	3,640	3,640
(Accumulated loss)/retained earnings	34	(4,263)	43,382
Total equity		381,997	424,152
Total equity and liabilities		468,142	483,836

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

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

Consolidated statement of changes in equity for the year ended 31 December 2015

		Attributable to owners of the parent								
				Non-distributable						
	Note	Equity, total	Equity attributable to owners of the parent, total	Share capital (Note 32)	Share premium (Note 32)	Treasury shares (Note 32)	Other reserves, total	Warrant reserve (Note 33)	Foreign currency translation reserve (Note 33)	Distributable Retained earnings	Non-controlling interest
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		471,523	384,517	278,645	103,044	(4,559)	1,613	3,640	(2,027)	5,774	87,006
Total comprehensive income		5,670	1,380	-	-	-	-	-	-	1,380	4,290
Other comprehensive income		2,969	2,969	-	-	-	2,969	-	2,969	-	-
Total recognised income and expenses for the year		480,162	388,866	278,645	103,044	(4,559)	4,582	3,640	942	7,154	91,296
Transactions with owners											
Dividends paid by a subsidiary		(450)	-	-	-	-	-	-	-	-	(450)
Disposal of treasury shares		5,490	5,490	-	-	5,490	-	-	-	-	-
Disposal of a subsidiary		296	-	-	-	-	-	-	-	-	296
Gain on disposal of treasury shares transferred to share premium reserve		-	-	-	1,258	(1,258)	-	-	-	-	-
Total transactions with owners		5,336	5,490	-	1,258	4,232	-	-	-	-	(154)
At 31 December 2015		485,498	394,356	278,645	104,302	(327)	4,582	3,640	942	7,154	91,142
At 1 January 2014		412,368	328,776	224,856	102,440	(4,559)	2,593	3,640	(1,047)	3,446	83,592
Total comprehensive income		13,940	10,526	-	-	-	-	-	-	10,526	3,414
Other comprehensive income		(980)	(980)	-	-	-	(980)	-	(980)	-	-
Total recognised income and expenses for the year		425,328	338,322	224,856	102,440	(4,559)	1,613	3,640	(2,027)	13,972	87,006
Transactions with owners											
Dividends on ordinary shares	14	(8,198)	(8,198)	-	-	-	-	-	-	(8,198)	-
Dividends paid by a subsidiary											
Issuance of ordinary shares:											
- Conversion of RCSLS	32	54,393	54,393	53,789	604	-	-	-	-	-	-
- Exercise of warrants		-*	-*	-	-	-	-*	-*	-	-	-
Total transactions with owners		46,195	46,195	53,789	604	-	-	-	-	(8,198)	-
At 31 December 2014		471,523	384,517	278,645	103,044	(4,559)	1,613	3,640	(2,027)	5,774	87,006

* Represents 200 units of warrants at exercise price of RM1 of each warrant for one new ordinary share of the Company.

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

Company statement of changes in equity
For the year ended 31 December 2015

	Note	Equity, total	Share capital (Note 32)	Share premium (Noted 32)	Treasury share (Note 32)	Other reserves, total	Warrant reserves (Note 33)	(Accumulated losses)/ distributable retained earnings (Note 34)
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		424,152	278,645	103,044	(4,559)	3,640	3,640	43,382
Total comprehensive loss		(47,645)	-	-	-	-	-	(47,645)
		376,507	278,645	103,044	(4,559)	3,640	3,640	(4,263)
Transactions with owners								
Disposal of treasury shares		5,490	-	-	5,490	-	-	-
Gain on disposal of treasury shares transferred to share premium reserve		-	-	1,258	1,258	-	-	-
Total transactions with owners		5,490	-	1,258	4,232	-	-	-
At 31 December 2015		381,997	278,645	104,302	(327)	3,640	3,640	(4,263)
At 1 January 2014		371,431	224,856	102,440	(4,559)	3,640	3,640	45,054
Total comprehensive income		6,526	-	-	-	-	-	6,526
Transactions with owners		377,957	224,856	102,440	(4,559)	3,640	3,640	51,580
Dividend paid	14	(8,198)	-	-	-	-	-	(8,198)
Issuance of ordinary shares:								
- Conversion of RCSLS	32	54,393	53,789	604	-	-	-	-
- Exercise of warrants		-*	-	-	-	-*	-*	-
Total transactions with owners		46,195	53,789	604	-	-	-	(8,198)
At 31 December 2014		424,152	278,645	103,044	(4,559)	3,640	3,640	43,382

* Represents 200 units of warrants at exercise price of RM1 of each warrant for one new ordinary share of the Company.

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

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

Statements of cash flows
For the year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities				
Profit/(loss) before tax from continuing operations	25,485	61,488	(48,967)	7,282
Loss before tax from discountinued operation	(6,368)	(36,189)	-	-
	19,117	25,299	(48,967)	7,282
Adjustments for:				
Depreciation of property, plant and equipment	3,070	4,703	495	802
Amortisation of intangible assets	293	294	158	162
Interest expense	107,121	115,440	2,503	4,328
Distribution income from money market investment security	(4,147)	(3,718)	(13)	(14)
Gain on disposal of investment security	(262)	(310)	(4)	-
Interest income	(1,393)	(2,788)	(1,609)	(2,462)
Provision for short-term accumulating compensated absences (Note 9)	42	22	-	-
Loss/(gain) on disposal of property, plant and equipment	22	(10)	73	19
Changes in fair value of investment properties	(8,111)	(45,883)	8,449	(16,243)
Allowance for impairment on other receivables	21	-	33,704	-
Write down of inventories	4,024	986	-	-
Impairment for land held for property development	-	1,196	-	-
Reversal for impairment for land held for property development	(3,496)	-	-	-
Impairment of trade receivables	2,254	1,431	131	70
Unrealised foreign exchange (gain)/loss	-	-	(4,511)	1,124
Unwinding of discount on other liabilities at amortised costs	2,676	574	-	-
Finance income - other liabilities at amortised costs	(899)	(886)	-	-
Gain on derecognition of a subsidiary	(251)	-	-	-
Liquidated ascertain damages	7,348	-	-	-
Gain on disposal of a subsidiary	(8,051)	-	-	-
Bad debts written off	5,420	-	-	-
Operating cash flows before working capital changes carried forward	124,798	96,350	(9,591)	(4,932)

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

Statements of cash flows
For the year ended 31 December 2015 (contd.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities (contd.)				
Operating cash flows before working capital changes brought forward	124,798	96,350	(9,591)	(4,932)
Changes in working capital:				
Land held for development and development expenditure	(37,944)	62,614	-	-
Inventories	5,997	(79,249)	-	-
Trade and other receivables	17,106	52,773	(21,171)	4,010
Other current assets	(18,766)	47,423	35	6,401
Provision, trade and other payables	59,458	(38,288)	12,026	(7,033)
Other current liabilities	(30,213)	22,650	-	-
	120,436	164,273	(18,701)	(1,554)
Interest paid	(8,391)	(10,657)	(1,527)	(1,137)
Income taxes (paid)/refunded	(11,779)	(26,202)	8	-
Net cash flows generated from/ (used in) operating activities	100,266	127,414	(20,220)	(2,691)
Investing activities				
Purchase of property, plant and equipment (Note a)	(30)	(4,681)	(30)	(3)
Purchase of intangible assets (Note a)	(589)	(98)	(559)	(6)
Proceeds from disposal of property, plant and equipment	1,224	773	422	261
Transfer to completed investment properties	-	9,541	-	-
Investment in investment security	(1,923)	7,818	5	2,486
Net cash inflows for derecognition of a subsidiary	286	-	-	-
Net cash outflows for disposal of a subsidiary	(2,697)	-	-	-
Interest received	1,393	2,788	1,609	2,462
Distribution income	4,147	3,718	13	14
Net cash flows generated from investing activities	1,811	19,859	1,460	5,214

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

Statements of cash flows
For the year ended 31 December 2015 (contd.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financing activities				
Dividends paid to shareholders of the Company	-	(8,198)	-	(8,198)
Proceed from disposal of treasury shares	5,490	-	5,490	-
Withdrawal/(placement) of deposits pledged	4,060	(5,878)	(62)	6,231
Drawdown of loans and borrowings	24,462	49,489	15,000	6,062
Repayment of loans and borrowings	(160,160)	(207,306)	(413)	(2,890)
Payment of RCSLS coupon	(633)	(2,083)	(633)	(2,083)
Net repayment of finance lease payables	(1640)	(3,664)	(81)	(1,039)
Net cash flow (used in)/generated from financing activities	(128,421)	(177,640)	19,301	(1,917)
Net(decrease)/increase in cash and cash equivalents	(26,344)	(30,367)	541	606
Effect of exchange rate changes on cash and cash equivalents	2,969	(893)	-	-
Cash and cash equivalents at beginning of year	35,481	66,741	776	170
Cash and cash equivalents at end of year (Note 26)	12,106	35,481	1,317	776

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash	(619)	(4,779)	(589)	(9)
Finance lease	-	(3,385)	-	-
	(619)	(8,164)	(589)	(9)

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

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

Notes to the financial statements
31 December 2015

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

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd..

The consolidated financial statements of Encorp Berhad and its subsidiaries (collectively, the Group) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 April 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2015 as described fully in Note 2.2.

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.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following applicable new and amended FRSs and IC interpretations mandatory for annual financial periods beginning on or after 1 January 2015:

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014

The nature and impact of the new and amended FRSs are described below:

Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

The amendments to FRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements**.**

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.

Effective for financial periods beginning on or after 1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127: Equity Method in Separate Financial Statements

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 January 2016 (contd.)
Amendments to FRS 101: Disclosure Initiative
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception
FRS 14: Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2018
FRS 9: Financial Instruments
FRS 15 Revenue from Contracts with Customers

Effective for financial periods to be determined
Amendments to FRS10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The nature and impact of the adoption of the above standards are described below:

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

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group is currently assessing the impact upon adopting the amendments to these standards.

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution to an associate or a joint venture of assets that constitute a business is recognised in full.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:
- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

2. Summary of significant accounting policies (contd.)

2.3 Standard issued but not yet effective (contd.)

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 15 Revenue from Contracts with Customers

FRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. FRS 15 will supersede the current revenue recognition guidance including FRS 118 Revenue, FRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of FRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under FRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 15 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (contd.)

2.3 Standard issued but not yet effective (contd.)

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group and the Company will be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2017.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. 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:

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

- 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 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;

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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: (contd.)

- 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.

Business combinations

Acquisitions of subsidiaries 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.

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 FRS 139 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 FRS 139, it is measured in accordance with the appropriate FRS.

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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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 2.10(a).

2. Summary of significant accounting policies (contd.)

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.

2.6 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.

2.7 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.

2. Summary of significant accounting policies (contd.)

2.7 Foreign currency (contd.)

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.

2. Summary of significant accounting policies (contd.)

2.7 Foreign currency (contd.)

c) Foreign operations (contd.)

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

	2015 RM	2014 RM
Australian Dollar (AUD)	3.14	2.93

2.8 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.

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 2.9 up to the date of change in use.

2. Summary of significant accounting policies (contd.)

2.8 Investment property (contd.)

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 year.

2.9 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 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

Property under construction are not depreciated as these assets are not yet available for use.

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. Summary of significant accounting policies (contd.)

2.9 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.

2.10 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 2.7.

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.

2. Summary of significant accounting policies (contd.)

2.10 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.)

2.10 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 mehtod are also reviewed at least at each reporting date.

2.11 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.

2. Summary of significant accounting policies (contd.)

2.11 Impairment of non-financial assets (contd.)

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.

2.12 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

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.

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables 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.

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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date such as the date that the Group commits to purchase or sell the asset.

2.13 Impairment of financial assets

The Group assess as at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets (contd.)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, 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.

2.15 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. Summary of significant accounting policies (contd.)

2.16 Land held for property development and property development costs

(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 cost less any accumulated impairment losses.

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 comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the architects, quantity surveyors and engineers to measure the extent of work performed to date bear to the estimated total property development costs.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or losses is classified as progress billings within trade payables.

2. Summary of significant accounting policies (contd.)

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 follow:

- 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.

2.18 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 to 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.

2.19 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, within the scope of FRS 139, 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. All financial liabilities of the Group are classified as other financial liabilities.

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.

2. Summary of significant accounting policies (contd.)

2.19 Financial liabilities (contd.)

Other financial liabilities (contd.)

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.

2.20 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. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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.

2.21 Employee benefits

(i) Defined contribution plans

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year 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.

2. Summary of significant accounting policies (contd.)

2.21 Employee benefits (contd.)

(ii) Defined contribution plans

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 ecognised as an expense in the period in which the related service is performed.

2.22 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. Summary of significant accounting policies (contd.)

2.23 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.16(ii).

b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

c) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

d) Concession income

Concession income is recognised when the significant risks and rewards of ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government.

2. Summary of significant accounting policies (contd.)

2.24 Revenue (contd.)

d) Concession income (contd.)

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. The concession will expire in the year 2028.

e) Interest income

Interest income from the concession is recognised using the effective interest method.

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

Management fees are recognised when services are rendered.

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.

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.

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.

2. Summary of significant accounting policies (contd.)

2.25 Income taxes (contd.)

b) Deferred tax (contd.)

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.

2.26 Redeemable convertible secured loan stocks ("RCSLS")

The RCSLS are regarded as compound instruments, consisting of a liability component and an equity component. The component of RCSLS that exhibits characteristics of a liability is recognised as a financial liability in the statement of financial position net of transaction costs. The coupon payable on RCSLS are recognised as interest expense in profit or loss using the effective interest rate method. On issuance of the RCSLS, the fair value of the liability component is determined using the Company's effective interest cost and this amount is carried as a financial liability in accordance with the accounting policy for other financial liabilities set out in Note 2.19.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible secured loan stocks based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

2. Summary of significant accounting policies (contd.)

2.27 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 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 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.

2.29 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.

2.30 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.

2.31 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.

2. Summary of significant accounting policies (contd.)

2.31 Fair value measurements (contd.)

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

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.

2. Summary of significant accounting policies (contd.)

2.31 Fair value measurements (contd.)

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.

2.32 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 cycles.
(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.

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. Summary of significant accounting policies (contd.)

2.33 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current asset is brought up to date in accordance with applicable FRSs.

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. 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 as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, 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.

3. Significant accounting judgements and estimates (contd.)

3.1 Judgement made in applying accounting policies (contd.)

(c) Consolidation

The Group determined 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 investee with the ability to direct their activities that significantly affect the investees' returns.

3.2 Key sources 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.

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 given in Note 16.

(b) Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the architects, quantity surveyors and engineers to measure the extent of work performed to date bear to the estimated total property development costs.

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 18.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(c) Construction contract

The Group recognises contract revenue and costs in the statement of comprehensive income 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 24.

(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 Note 11 and 21.

(e) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 20.

(f) Valuation of property

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles of FRS 13.

The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 17 and Note 37.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(g) Impairment of investment in subsidiaries

The Company reviews its investments in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carying 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. Further details are disclosed in Note 19.

4. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Concession income	97,839	101,527	-	-
Sale of development properties and completed properties	101,980	144,301	-	-
Sales of goods	614	1,517	-	-
Rental income	9,452	4,807	-	-
Management fees from subsidiaries	-	-	4,632	8,808
	209,885	252,152	4,632	8,808

5. Cost of sales

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property development costs (Note 18(b))	44,451	81,656	-	-
Costs of completed properties	6,864	-	-	-
Property expenses	6,431	6,612	-	-
Construction contract costs	-	-	-	17
Cost of goods and services sold	3,103	2,561	-	-
	60,849	90,829	-	17

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6. Other income

Included in other income are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gain on disposal of investment security	262	310	4	-
Rental income	686	213	-	-
- Continuing	153	213	-	-
- Discontinued	533	-	-	-
Bad debts recovered	-	6	-	-
Interest income	1,393	2,788	1,609	2,462
- Continuing	1,321	2,644	1,609	2,462
- Discontinued	72	144	-	-
Distribution income from money market investment security	4,147	3,718	13	14
Finance income - other liabilities at amortised costs*	899	886	-	-
- Continuing	-	826	-	-
- Discontinued	899	60	-	-
Gain on disposal of property, plant and equipment	80	29	-	-
- Continuing	56	11	-	-
- Discontinued	24	18	-	-
Net fair value gain of investment properties (Note 17(a))	8,111	45,883	-	16,243
Reversal of impairment on land held for development (Note 18(a))	3,496	-	-	-
Gain on derecognition of subsidiary (Note 19)	251	-	-	-
Unrealized gain on foreign exchange	-	-	4,511	-

* Being the effect from the recognition of time value of money in the re-measurement of financial liabilities of the Group at amortised cost.

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7. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- Sukuk Murabahah	97,541	101,593	-	-
- Obligations under finance leases	213	476	5	62
- Continuing	5	69	5	62
- Discontinued	208	407	-	-
- Bank credit facilities, bank loans and bank overdrafts	11,672	15,798	1,522	1,075
- Continuing	11,184	15,139	1,522	1,075
- Discontinued	488	659	-	-
- RCSLS coupon (Note 30(n))	976	3,191	976	3,191
Unwinding of discount on other liabilities at amortised costs*	2,676	574	-	-
- Continuing	2,425	73	-	-
- Discontinued	251	501	-	-
Less:				
- Interest capitalised in property development cost (Note 18(b))	(3,281)	(4,307)	-	-
- Interest capitalised in investment property under construction (Note 17(b))	-	(1,885)	-	-

* 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits expense (Note 9)	15,039	13,560	8,477	6,346
- Continuing	14,168	12,214	8,477	6,346
- Discontinued	871	1,346	-	-
Non-executive directors' remuneration (Note 10)	1,061	683	803	591
- Continuing	1,029	683	803	591
- Discontinued	32	-	-	-

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8. Profit/(loss) before tax (contd.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration:				
- current year	320	220	101	60
- Continuing	316	195	101	60
- Discontinued	4	25	-	-
Allowance for impairment:				
- Trade receivables (Note 20)	2,254	1,431	131	70
- Other receivables (Note 20)	39,649	-	33,704	-
- Continuing	21	-	33,704	-
- Discontinued	39,628	-	-	-
Depreciation of:				
- Property, plant and equipment (Note 15)	3,070	3,728	495	802
- Continuing	942	1,342	495	802
- Discontinued	2,128	2,386	-	-
- Capitalised in construction assets (Note 24)	-	975	-	-
- Continuing	-	-	-	-
- Discontinued	-	975	-	-
Amortisation of intangible assets (Note 16)	293	294	158	162
- Continuing	287	285	158	162
- Discontinued	6	9	-	-
Impairment of land held for property development (Note 18(a))	-	1,196	-	-
Loss on fair value of investment properties (Note 17(a))	-	-	8,449	-
Write down of inventories	4,024	986	-	-
Operating lease - minimum lease payments on:				
- premises	173	234	540	540
- Continuing	97	105	540	540
- Discontinued	76	129	-	-
- Equipment	241	270	100	102
- Continuing	181	173	100	102
- Discontinued	60	97	-	-
- Others	183	62	-	38
- Continuing	13	62	-	38
- Discontinued	170	-	-	-

8. Profit/(loss) before tax (contd.)

The following items have been included in arriving at profit/(loss) before tax (contd.):

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bad debt written off	5,420	-	-	-
- Continuing	103	-	-	-
- Discontinued	5,317	-	-	-
Foreign exchange loss:				
- Unrealised	-	-	-	1,124
Liquidated ascertain damages (Note 29)	7,348	-	-	-
Loss on disposal of property, plant and equipment	102	19	73	19

9. Employee benefits expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	10,864	11,618	5,965	5,341
Social security contributions	74	73	33	31
Contributions to defined contribution plan	1,320	1,176	731	571
Provision of short term accumulating compensated absences (Note 28(d))	42	22	-	-
Other benefits	2,739	671	1,748	403
	15,039	13,560	8,477	6,346

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM81,000 (2014: RM984,000) and RM81,000 (2014: RM984,000) 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive:				
Salaries and other emoluments	52	845	52	845
Fees	29	62	29	62
Defined contribution plan	-	77	-	77
Total executive directors' remuneration (excluding benefits-in-kind)	81	984	81	984
Estimated money value of benefits-in-kind	-	34	-	34
Total executive directors' remuneration (including benefits-in-kind)	81	1,018	81	1,018
Non-executive:				
Fees	640	541	600	501
Allowances and other emoluments	421	142	203	90
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	1,061	683	803	591
Estimated money value of benefits-in-kind	-	55	-	14
Total non-executive directors' remuneration (including benefits-in-kind)	1,061	738	803	605
Total directors' remuneration	1,142	1,756	884	1,623

10. Directors' remuneration (contd.)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2015	2014
Executive directors:		
RM50,001 - RM100,000	1	1
RM250,001 - RM300,000	-	1
RM700,001 - RM750,000	-	1
Non-executive directors:		
< RM50,000	2	5
RM50,001 - RM100,000	2	6
RM100,001 - RM150,000	3	-
RM200,001 - RM250,000	1	-

11. Income tax

Major components of income tax expense/(benefit)

The major components of income tax expense/(benefit) for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income statement:				
Current income tax:				
- Malaysian income tax	7,376	14,092	(900)	-
- Under/(over) provision in prior year	1,436	(1,815)	-	-
	8,812	12,277	(900)	-
Deferred income tax (Note 21)				
- Origination and reversal of temporary differences	3,490	(3,390)	(422)	812
- Under/(over) provision in prior year	1,109	3,209	-	(56)
	4,599	(181)	(422)	756
Income tax attributable:				
- Continuing	13,411	12,096	(1,322)	756
- Discontinued	36	(737)	-	-
Income tax expenses/(benefit)	13,447	11,359	(1,322)	756

11. Income tax (contd.)

Reconciliation between tax expense/(benefit) and accounting profit

The reconciliation of income tax expense/(benefit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(loss) before tax				
- Continuing	25,485	61,488	(48,967)	7,282
- Discontinued	(6,368)	(36,189)	-	-
	19,117	25,299	(48,967)	7,282
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	4,779	6,325	(12,242)	1,821
Different tax rates in other countries	(117)	(321)	-	-
Adjustments:				
Non-deductible expenses	4,813	5,640	8,292	1,368
Income not subject to taxation	(1,628)	(1,709)	(158)	(33)
Effect of reduction in tax rate	(43)	-	-	-
Deferred tax assets not recognised	4,458	12,093	1,096	905
Under/(over) provision of tax expense in prior years				
- current taxation	1,472	(2,552)	-	-
- deferred tax	1,109	3,209	-	(56)
Deferred tax recognised at different tax rate	(1,396)	(11,326)	1,690	(3,249)
Income tax expense/(benefit) recognised in profit or loss	13,447	11,359	(1,322)	756

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

12. Discontinued operation

On 3 September 2015, the Company announced that Encorp Construction & Infrastructure Sdn Bhd ("ECISB"), a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Senandung Serbajuta Sdn Bhd for the disposal of 15,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Pembinaan Legenda Unggul Sdn Bhd (formely known as Encorp Construct Sdn Bhd)("ECSB"), which was previously reported under the construction segment.

The disposal is part of a rationalization and restructuring exercise undertaken by the Group to dispose of its loss making subsidiary. The disposal will enable the Group to be relieved of further losses to be incurred from the continuing operations of ECSB.

As at 31 December 2015, the results of ECSB have been presented separately in the statement of comprehensive income as "loss from discontinued operation, net of tax".

Income statement

The results of ECSB for the period ended 3 September 2015 are as follows:

	03.09.2015 RM'000	31.12.2014 RM'000
Revenue	15,451	78,233
Expenses	(28,923)	(112,855)
Loss from operations	(13,472)	(34,622)
Finance costs	(947)	(1,567)
Loss before tax	(14,419)	(36,189)
Taxation (Note 11)	(36)	737
Loss for the period ended 3 September 2015	(14,455)	(35,452)
Net gain on disposal of ECSB	8,051	-
Loss from discontinued operation, net of tax	(6,404)	(35,452)

12. Discontinued operation (contd.)

The disposal had the following effects on the financial position of the Group:

		Group RM'000
Assets:		
Plant and equipment		10,312
Intangible assets		28
Trade and other receivables		14,171
Prepayment		391
Cash and bank balances		2,697
Investment		36
Tax recoverable		289
Other current asset		11,092
		39,016
Liabilities:		
Trade payables and other payables		(79,824)
Loan and borrowings		(6,871)
		(86,695)
Net liabilities		(47,679)
Total disposal proceeds	-*	
Allowance for impairment on other receivables (Note 20)	39,628	39,628
Net gain on disposal of the Group		(8,051)
Cash inflow arising from disposal:		
Cash consideration		-*
Cash and cash equivalent of subsidiary disposed of		(2,697)
Net cash outflow on disposal		(2,697)

* Cash consideration of RM1

Subsequent to the disposal, the Group had provided an allowance for doubtful debts of RM39,628,000 in respect of the amount owing from ECSB. Further details are disclosed in Note 20.

13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent (after adjusting for interest expense on redeemable convertible secured loan stocks) 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 profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	1,380	10,526
Profit net of tax attributable to owners of the parent	1,380	10,526
Add back: Loss from discontinued operation, net of tax, attributable to owners of the parent	6,404	35,452
Profit net of tax from continuing operations attributable to owners of the parent used in the computation of basic earnings per share	7,784	45,978

	Number of Shares	
	'000	**'000**
Weighted average number of ordinary shares for basic earnings per share computation*	278,645	250,637

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions in prior year.

	2015	**2014**
	sen	**sen**
Basic earnings per share	0.50	4.20

(a) Continuing operations

Basic earnings per share amounts are calculated by dividing profit for the year from continuing operations, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

13. Earnings per share (contd.)

(a) Continuing operations (contd.)

	2015 sen	2014 sen
Basic earnings per share	2.79	18.34

(b) Discontinued operation

The basic loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

	2015 sen	2014 sen
Basic loss per share	(2.30)	(14.14)

The effect on the diluted earnings per share arising from the assumed conversion of RCSLS and warrants were anti-dilutive. Accordingly, the diluted earnings per share for the current and previous financial year was not presented in the Group's financial statements.

14. Dividends

	Group and Company	
	2015 RM'000	2014 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final tax exempt (single-tier) dividend for 2013:		
3 sen per share	-	8,198

The directors do not recommend the payment of any final dividend for the current financial year.

15. Property, plant and equipment

	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Plant and machinery RM'000	Crockery, cutlery and glasswares RM'000	Buildings RM'000	Property under construction RM'000	Total RM'000
Group								
Cost:								
At 1 January 2014	5,395	3,816	4,907	7,690	369	5,070	9,541	36,788
Additions	-	550	3	7,513	-	-	-	8,066
Disposals	(1,254)	(9)	-	-	-	-	-	(1,263)
Transferred to completed investment properties (Note17 (a))	-	-	-	-	-	-	(9,541)	(9,541)
At 31 December 2014 and 1 January 2015	4,141	4,357	4,910	15,203	369	5,070	-	34,050
Additions	-	30	-	-	-	-	-	30
Disposals	(1,530)	(159)	(163)	-	(59)	-	-	(1,911)
Attributable to disposal group classified as held for sale (Note 27)	-	(449)	(435)	-	(310)	-	-	(1,194)
Attributable to discontinued operation (Note 12)	(1,891)	(1,387)	(375)	(15,203)	-	-	-	(18,856)
At 31 December 2015	720	2,392	3,937	-	-	5,070	-	12,119

15. Property, plant and equipment (contd.)

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Plant and machinery RM'000	Crockery, cutlery and glasswares RM'000	Buildings RM'000	Property under construction RM'000	Total RM'000
Accumulated depreciation:								
At 1 January 2014	1,417	2,475	1,631	1,345	57	76	-	7,001
Charge for the year	1,037	330	490	2,724	21	101	-	4,703
Recognised in profit or loss (Note 8)	1,037	330	490	1,749	21	101	-	3,728
Capitalised in construction costs (Note 24)	-	-	-	975	-	-	-	975
Disposals	(498)	(2)	-	-	-	-	-	(500)
At 31 December 2014 and 1 January 2015	1,956	2,803	2,121	4,069	78	177	-	11,204
Charge for the year recognised in profit or loss (Note 8)	367	153	398	2,024	27	101	-	3,070
Disposals	(618)	(46)	-	-	(1)	-	-	(665)
Attributable to disposal group classified as held for sale (Note 27)	-	(195)	(183)	-	(104)	-	-	(482)
Attributable to discontinued operation (Note 12)	(1,128)	(1,114)	(209)	(6,093)	-	-	-	(8,544)
At 31 December 2015	577	1,601	2,127	-	-	278	-	4,583
Net carrying amount								
At 31 December 2014	2,185	1,554	2,789	11,134	291	4,893	-	22,846
At 31 December 2015	143	791	1,810	-	-	4,792	-	7,536

15. Property, plant and equipment (contd.)

	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Property under construction RM'000	Total RM'000
Company					
Cost:					
At 1 January 2014	2,766	1,977	1,327	19,206	25,276
Additions	-	-	3	-	3
Disposals	-	(411)	-	-	(411)
Transferred to completed investment property (Note 17(a))	-	-	-	(19,206)	(19,206)
At 31 December 2014 and 1 January 2015	2,766	1,566	1,330	-	5,662
Additions	-	-	30	-	30
Disposals	-	(924)	(2)	-	(926)
At 31 December 2015	2,766	642	1,358	-	4,766

15. Property, plant and equipment (contd.)

	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Property under construction RM'000	Total RM'000
Company					
Accumulated depreciation:					
At 1 January 2014	1,014	561	817	-	2,392
Charge for the year (Note 8)	276	389	137	-	802
Disposal	-	(131)	-	-	(131)
At 31 December 2014 and 1 January 2015	1,290	819	954	-	3,063
Charge for the year (Note 8)	278	109	108	-	495
Disposals	-	(430)	(1)	-	(431)
At 31 December 2015	1,568	498	1,061	-	3,127
Net carrying amount					
At 31 December 2014	1,476	747	376	-	2,599
At 31 December 2015	1,198	144	297	-	1,639

15. Property, plant and equipment (contd.)

Asset held under finance leases

During the financial year, the Group acquired motor vehicles and plant and machinery with an aggregate cost of RM NIL (2014: RM3,385,000) by means of finance leases.

The carrying amount of motor vehicles and plant and machinery of the Group and of the Company held under finance lease at the reporting date were RM144,000 (2014: RM7,996,000) and RM144,000 (2014: RM239,000) respectively.

Leased assets are pledged as security for the related finance lease liabilities (Note 30(o)).

Two units of terrace shop offices amounting to RM4,792,000 (2014: RM4,893,000) have been pledged to a fixed charge as security for term loans and revolving credit facilities (Note 30).

16. Intangible assets

	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Group			
Cost:			
At 1 January 2014	197,003	1,466	198,469
Additions	-	98	98
At 31 December 2014 and 1 January 2015	197,003	1,564	198,567
Additions	-	589	589
Attributable to disposal group classified as held for sale (Note 27)	-	(5)	(5)
Attributable to discontinued operation (Note 12)	-	(45)	(45)
At 31 December 2015	197,003	2,103	199,106

16. Intangible assets (contd.)

	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation:			
At 1 January 2014	172,499	805	173,304
Amortisation (Note 8)	-	294	294
At 31 December 2014 and 1 January 2015	172,499	1,099	173,598
Amortisation (Note 8)	-	293	293
Attributable to disposal group classified as held for sale (Note 27)	-	(2)	(2)
Attributable to discontinued operation (Note 12)	-	(17)	(17)
At 31 December 2015	172,499	1,373	173,872
Net carrying amount:			
At 31 December 2014	24,504	465	24,969
At 31 December 2015	24,504	730	25,234

Company	Computer software RM'000
Cost:	
At 1 January 2014	807
Disposal	6
At 31 December 2014 and 1 January 2015	813
Additions	559
At 31 December 2015	1,372
Accumulated amortisation:	
At 1 January 2014	538
Amortisation (Note 8)	162
At 31 December 2014 and 1 January 2015	700
Amortisation (Note 8)	158
At 31 December 2015	858
Net carrying amount:	
At 31 December 2014	113
At 31 December 2015	514

16. 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:

	2015 RM'000	2014 RM'000
Property development	24,504	24,504

The recoverable amount of the CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by Board covering a five year period.

The key assumptions used in the value-in-use calculations are as follows:

	Property development segment	
	2015	2014
Pre-tax discount rate	12%	8%

The calculation of value in use for CGU are most sensitive to the following assumptions:

Pre-tax discount rates - The discount rates used are pre-tax and reflect specific risks relating to property development segment.

Budgeted gross margins - Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the business segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the unit to materially exceed their recoverable amount.

Impairment loss and amortisation recognised

The impairment of goodwill on consolidation and amortisation of computer software are included in the "other expenses" line item in the income statements.

17. Investment properties

(a) Completed investment properties

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	343,749	103,300
Transferred from investment property under construction (Note 17(b))	-	185,025
Transferred from property under construction (Note 15)	-	9,541
Fair value adjustment recognised in profit or loss (Note 6)	8,111	45,883
Reclassified as non-current assets held for sales (Note 27)	(27,000)	-
At 31 December	324,860	343,749
Fair value for financial reporting purposes		
Market value as estimated by external valuer/ comparable market evidence	324,860	343,749

The Group's completed investment properties consists of terrace shop offices and a shopping mall. The terrace shop offices and shopping mall are classified as Level 3 in the fair value hierachy. Further details as disclosed in Note 37.

	Company	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	35,449	-
Transferred from property under construction (Note 15)	-	19,206
Fair value adjustment recognised in profit or loss (Note 8)	(8,449)	16,243
Reclassified as non-current assets held for sales (Note 27)	(27,000)	-
At 31 December	-	35,449
Fair value for financial reporting purposes		
Market value as estimated by comparable market evidence	-	35,449

The Group's and Company's investment properties are classified as Level 3 in the fair value hierachy. Further details are disclosed in Note 37.

17. Investment properties (contd.)

(a) Completed investment properties (contd.)

The following properties have been pledged as security for borrowings:

(i) 32 units of terrace shop offices are charged as security for term loans and revolving credit facilities (Note 30);

(ii) 15 units have been pledged as security for RCSLS issued (Note 30); and

(iii) Leasehold land with carrying value of RM5,410,000 (2014: RM5,410,000) included in the completed investment properties has been pledged as security for bank loan (Note 30).

(b) Investment property under construction

	Group	
	2015	2014
	RM'000	RM'000
Cost		
At 1 January	-	177,096
Capital expenditure	-	7,929
Transferred to completed investment properties (Note 17(a))	-	(185,025)
At 31 December	-	-

In the previous financial year, investment property under construction included interest expense capitalised of RM1,885,000.

18. Land held for property development and property development costs

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2015				
Cost				
At 1 January 2015	17,198	32,062	25,295	74,555
Addition	-	-	5,507	5,507
Transfer from/(to) property development cost (Note 18(b))	16,116	(4,332)	2,454	14,238
Exchange differences	1,605	-	266	1,871
At 31 December 2015	34,919	27,730	33,522	96,171
Accumulated impairment losses				
At 1 January 2015	(6,296)	-	-	(6,296)
Reversal of Impairment loss (Note 6)	3,496	-	-	3,496
Exchange differences	(343)	-	-	(343)
At 31 December 2015	(3,143)	-	-	(3,143)
Carrying amount				
At 31 December 2015	31,776	27,730	33,522	93,028
At 31 December 2014				
Cost				
At 1 January 2014 (as previously stated)	19,898	32,062	-	51,960
Effect of reclassification	(2,251)	-	24,690	22,439
At 1 January 2014 (restated)	17,647	32,062	24,690	74,399
Addition	-	-	605	605
Exchange differences	(449)	-	-	(449)
At 31 December 2014	17,198	32,062	25,295	74,555
Accumulated impairment losses				
At 1 January 2014	(5,248)	-	-	(5,248)
Impairment loss (Note 8)	(1,196)	-	-	(1,196)
Exchange differences	148	-	-	148
At 31 December 2014	(6,296)	-	-	(6,296)
Carrying amount				
At 31 December 2014	10,902	32,062	25,295	68,259

18. Land held for property development and property development costs (contd.)

(a) Land held for property development (contd.)

The freehold land held for property development with carrying amount of RM31,776,000 (2014: RM33,919,000) has been pledged as security for bank loan obtained (Note 30(g)), (Note 30(i)) & (Note 30(m)).

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2015				
Cumulative property development costs				
At 1 January 2015	55,274	56,435	682,970	794,679
Costs incurred during the year	-	-	76,888	76,888
Transferred (to)/from land held for property development (Note 18(a))	(16,116)	4,332	(2,454)	(14,238)
Reversal of completed project	(8,736)	(37,521)	(341,590)	(387,847)
At 31 December 2015	30,422	23,246	415,814	469,482

	RM'000
Cumulative costs recognised in income statement	
At 1 January 2015	(739,531)
Recognised during the year (Note 5)	(44,451)
Reversal of completed project	387,847
At 31 December 2015	(396,135)
Property development costs at 31 December 2015	73,347

18. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2014				
Cumulative property development costs				
At 1 January 2014 (as previously stated)	57,624	59,718	698,509	815,815
Effect of reclassification	-	-	(22,439)	(22,439)
At 1 January 2014 (restated)	57,624	59,718	676,070	793,412
Costs incurred during the year	-	-	82,449	82,449
Unsold units transferred to inventories	(5,300)	-	(74,549)	(79,849)
Reclassification	3,283	(3,283)	-	-
Exchange difference	(333)	-	(1,000)	(1,333)
At 31 December 2014	55,274	56,435	682,970	794,679

Cumulative costs recognised in income statement	RM'000
At 1 January 2014	
At 1 January 2014	(657,875)
Recognised during the year (Note 5)	(81,656)
At 31 December 2014	(739,531)
Property development costs at 31 December 2014	55,148

18. Land held for property development and property development costs (contd.)

Included in property development costs is interest expense incurred as follows:

	Group	
	2015	2014
	RM'000	RM'000
Interest expense (Note 7)	3,281	4,307

The leasehold land held for development was purchased from PKNS in prior years as disclosed in Note 28(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 (2014: RM46,145,000) has been pledged as security for bank loan obtained (Note 30(f)).

The leasehold land under development with carrying value of RM5,918,000 (2014: RM5,918,000), has been pledged as security for bank loan obtained (Note 30(e)).

19. Investment in subsidiaries

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares, at costs	295,960	295,960

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 2015	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest held by non-controlling interests 2015	Proportion (%) of ownership interest held by non-controlling interests 2014
Encorp Construction & Infrastructure Sdn Bhd	50,000	Malaysia	Investment holding	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 2015	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest held by non-controlling interests 2015	Proportion (%) of ownership interest held by non-controlling interests 2014
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	-	-
Pembinaan Legenda Unggul Sdn Bhd (Formerly known as Encorp Construct Sdn Bhd)	15,000	Malaysia	Property construction	-	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 2015	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest held by non-controlling interests 2015	Proportion (%) of ownership interest held by non-controlling interests 2014
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	-	-
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 2015	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest held by non-controlling interests 2015	Proportion (%) of ownership interest held by non-controlling interests 2014
Subsidiaries of Red Carpet Avenue Sdn Bhd							
Etika Tranquerah Sdn Bhd^	#	Malaysia	Food and beverage	-	60	-	40
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

^ Audited by firm of auditors other than Ernst & Young
\+ Represent paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar each
* Represent paid-up capital of two (2) ordinary shares of RM1 each
\# Represent paid-up capital of one hundred (100) ordinary shares of RM1 each

19. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows (contd.):

(i) On 23 December 2015, Encorp Strand Mall Sdn Bhd ("ESMSB") increased its issued and paid-up ordinary share capital from RM100,000 to RM2,500,002 through the creation of 2,400,002 ordinary shares of RM1 each.

Concurrently, Must Ehsan Development Sdn Bhd ("MEDSB") increased its investment in ESMSB from RM100,000 to RM2,500,002 by way of subscription of 2,400,002 ordinary shares of RM1 each.

The new ordinary shares issued rank pari passu in all respect with the existing shares of ESMSB.

(ii) Encorp Must Sdn Bhd ("EMSB") had on 8 January 2016 acquired 2 ordinary shares of RM1.00 each fully paid up in the capital of Encorp Bukit Katil Sdn Bhd ("EBKSB") at a total purchase consideration of RM2 only.

The acquisition is intended for Encorp's future expansion in its core business of property development.

EBKSB was incorporated as a private company limited by shares on 14 December 2015. The authorised share capital of EBKSB is RM400,000.00 divided into 400,000 ordinary shares RM1 each.

EBKSB has not commenced business since its incorporation.

19. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows (contd.):

(iii) On 3 September 2015, Encorp Construction & Infrastructure Sdn Bhd ("ECISB"), had entered into a Share Sale Agreement with Senandung Serbajuta Sdn Bhd for the disposal of 15,000,000 ordinary shares of RM1.00 each representing 100% equity interest in ECSB.

Pursuant to the disposal, ECSB ceased to be a subsidiary of ECISB and indirect subsidiary of Encorp Berhad on 3 September 2015.

(iv) On 28 November 2015, Red Carpet Avenue Sdn Bhd ("RCASB"), had disposed of 60 ordinary shares of RM1.00 each representing 60% equity interest of Etika Tranquerah Sdn Bhd ("ETQSB") for a total cash consideration of RM300,000.

The disposal had the following effects on the financial position of the Group as at end of financial year:

	2015	
	RM'000	**RM'000**
Proceed from disposal		300
Less: Settlement of inter-company balance		(486)
		(186)
Less: Net liabilities disposed off	733	
Non controllable interest	(296)	437
Gain on derecognition of subsidiary (Note 6)		251
Cash inflows arising from disposal		
Cash consideration		
Cash and cash equivalent of subsidiary disposed		300
Net cash inflow from derecognition of subsidiary		(14)
		286

The above acquisition and disposal of the subsidiaries did not have any material effect to the financial results and position of the Group.

(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.

19. Investment in subsidiaries (contd.)

(b) Summarised financial information (contd.)

(i) Summarised statements of financial position - MEDSB

	2015 RM'000	2014 RM'000
Non-current assets	396,209	382,763
Current assets	178,473	190,015
Total assets	574,612	572,778
Current liabilities	162,706	137,424
Non-current liabilities	90,277	131,681
Total liabilities	252,983	269,105
Net assets	321,699	303,673
Equity attributable to owners of the Group	323,741	305,595
Non-controlling interests	(2,042)	(1,922)

(ii) Summarised statements of comprehensive income - MEDSB

	2015 RM'000	2014 RM'000
Revenue	61,962	115,395
Profit for the year	19,230	13,757
Profit, representing total comprehensive income attributable to the owners of the Group	19,646	14,316
Profit, representing total comprehensive income attributable to the non-controlling interests	(416)	(560)

(iii) Summarised cash flows - MEDSB

Net cash used in operating activities	(4,877)	(2,930)
Net cash generated from/(used in) investing activities	1,408	(14,132)
Net cash (used in)/generated from financing activities	(16,549)	6,646
Net decrease in cash and cash equivalents	(20,018)	(10,416)
Cash and cash equivalents at beginning of the year	27,144	37,560
Cash and cash equivalents at end of the year	7,126	27,144

20. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables (a)				
Third parties	44,701	73,152	70	70
Subsidiaries (c)	-	-	3,336	-
Concession income receivables (b)	43,015	38,941	-	-
Retention sum on constrcution contracts	-	6,636	-	-
	87,716	118,729	3,406	70
Less: Allowance for impairment (a)	(3,688)	(1,434)	(201)	(70)
	84,028	117,295	3,205	-
Other receivables				
Subsidiaries (c)	-	-	131,477	146,610
Amount due from holding company (c)	53	-	53	-
Deposits	4,869	7,798	92	86
Sundry receivables	1,265	4,991	110	31
	6,187	12,789	131,732	146,727
Less: Allowance for impairment (d)	(21)	-	(2,261)	(153)
Other receivable, net	6,166	12,789	129,471	146,574
	90,194	130,084	132,676	146,574
Non-current				
Trade receivables (a)				
Retention sum on construction contracts	-	3,356	-	-
Concession income receivables (b)	914,210	957,225	-	-
	914,210	960,581	-	-
Other receivables				
Long term receivables (e)	47,890	-	38,241	-
Less: Allowance for impairment (d)	(39,628)	-	(31,596)	-
	8,262	-	6,645	-
Total non-current receivables	922,472	960,581	6,645	-

20. Trade and other receivables (contd.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total trade and other receivables	1,012,666	1,090,665	139,321	146,574
Add: Cash and bank balances (Note 26)	17,690	48,047	3,473	2,870
Add: Disposal group classified as held for sale (Note 27)				
- trade and other receivables	251	-	-	-
- cash and bank balances	230	-	-	-
Total loans and receivables	1,030,837	1,138,712	142,794	149,444

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 days (2014: 14 to 60 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	964,968	1,002,030
1 to 30 days past due not impaired	1,554	30,964
31 to 60 days past due not impaired	124	2,961
61 to 90 days past due not impaired	899	1,989
91 to 120 days past due not impaired	658	4,520
121 to 365 days past due not impaired	30,035	35,412
	33,270	75,846
Impaired	3,688	1,434
	1,001,926	1,079,310

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's and Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

20. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM33,270,000 (2014: RM75,846,000) that are past due at the reporting date but not impaired.

Receivables that are past due but not impaired relate to customers that the Group deem to be creditworthy. Based on past experience, the Board believes that no impairment of allowance is necessary in respect of those balances.

The receivables that are past due but not impaired are unsecured in nature.

As at reporting date, the Group has a significant concentration of credit risk of 92% (2014: 92%) relating to the concession income receivable. The entire concession income receivables are due from the Government of Malaysia.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	Individually impaired		Individually impaired	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
- nominal amounts	3,688	1,434	201	70
Less: Allowance for impairment	(3,688)	(1,434)	(201)	(70)
	-	-	-	-

Movement in allowance accounts for trade receivables:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,434	3	70	-
Charge for the year (Note 8)	2,254	1,431	131	70
At 31 December	3,688	1,434	201	70

Trade receivables that are individually impaired determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20 Trade and other receivables (contd.)

(b) Concession income receivables

	Group	
	2015	**2014**
	RM'000	**RM'000**
Concession income receivables accrued:		
Within 1 year	136,779	136,779
More than 1 year and less than 2 years	136,779	136,779
More than 2 years and less than 5 years	410,338	410,338
More than 5 years	968,856	1,105,636
	1,652,752	1,789,532
Unearned interest income	(695,527)	(793,366)
	957,225	996,166
Concession income receivables analysed as:		
Due within one year	43,015	38,941
Due after one year	914,210	957,225
	957,225	996,166

The Group's normal trade credit term on concession income receivables is 21 (2014: 21days).

The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 30(a).

(c) Amount 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 a subsidiary which bears interest at rate of 6%.

(d) Other receivables

Movement in allowance accounts for other receivables:

	Group		Company	
	2015	**2014**	**2014**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	-	-	153	153
Charge for the year (Note 8)	39,649	-	33,704	-
At 31 December	39,649	-	33,857	153

(e) Long term receivables in relation to the amount due from Pembinaan Legenda Unggul Sdn Bhd (formerly known as Encorp Construct Sdn Bhd).

21. Deferred tax

Deferred income tax as at 31 December relates to the following:

	As at 1 January 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31December 2015 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	889	(274)	615	(582)	33
Progress billings	247,553	(8,813)	238,740	(6,270)	232,470
Trade payables	112	(21)	91	(91)	-
RCSLS	57	(57)	-	-	-
Investment properties	(1,692)	2,294	602	(104)	498
	246,919	(6,871)	240,048	(7,047)	233,001
Deferred tax assets:					
Tax losses and capital allowances	(229,243)	14,694	(214,549)	11,995	(202,554)
Loan and borrowings	(15,608)	(6,579)	(22,187)	(5,703)	(27,890)
Trade receivables	(172)	-	(172)	172	-
Provisions	(6,603)	(1,425)	(8,028)	5,182	(2,846)
	(251,626)	6,690	(244,936)	11,646	(233,290)
	(4,707)	(181)	(4,888)	4,599	(289)

21. Deferred tax (contd.)

	As at 1 January 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2014 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31December 2015 RM'000
Company					
Deferred tax liabilities:					
Property, plant and equipment	348	(348)	-	-	-
RCSLS	57	(57)	-	-	-
Investment properties	-	812	812	(422)	390
	405	407	812	(422)	390
Deferred tax assets:					
Provisions	(349)	349	-	-	-
	(349)	349	-	-	-
	56	756	812	(422)	390

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21. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	(4,339)	(7,746)	-	-
Deferred tax liabilities	4,050	2,858	390	812
	(289)	(4,888)	390	812

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	31,715	16,843	7,385	3,213
Unabsorbed capital allowances	2,721	2,623	2,240	2,227
Other deductible temporary difference - provisions	4,208	1,345	425	228

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.

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22. Inventories

	Group	
	2015	2014
	RM'000	RM'000
Cost		
Properties held for sale	51,715	54,835
Food and beverages	3	47
	51,718	54,882
Net realisable value		
Properties held for sale	18,019	24,906
	69,737	79,788

23. Other current assets

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Prepayments	308	898	167	202
Accrued billings in respect of property development costs	113,037	78,968	-	-
Gross amount due from customers on contract (Note 24)	-	26,057	-	-
Deposit held in trust	-	139	-	-
	113,345	106,062	167	202

24. Gross amount due from/(to) customers on contract

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Construction costs incurred to date	-	832,512	-	167,397
Attributable profits	-	37,296	-	3,415
Less: Provision for foreseeable losses	-	(31,119)	-	-
	-	838,689	-	170,812
Less: Progress billings	-	(841,020)	-	(170,812)
Amount due to customers on contract	-	(2,331)	-	-
Presented as:				
Gross amount due from customers on contract (Note 23)	-	26,057	-	-
Gross amount due to customers on contract (Note 29)	-	(28,388)	-	-
	-	(2,331)	-	-
Retention sum on construction contracts included in:				
- trade receivables	-	9,992	-	-
- trade payables	-	(10,700)	-	-

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2015	2014
	RM'000	RM'000
Depreciation of property, plant and equipment (Note 8)	-	975
Rental expenses	-	860
Employee benefits	-	25,001

25. Investment security

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss				
Money market investment security	109,961	108,300	68	69

The investment security above is a 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 RM108,920,000 (2014: RM107,152,000) is held in trust for the holders of the Sukuk Murabahah as disclosed in Note 30(a).

26. Cash and bank balances

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks (a)	11,521	37,997	1,317	376
Deposits with:				
- licensed banks (c)	6,103	9,988	2,156	2,494
- a licensed corporation (b)	66	62	-	-
Cash and bank balances	17,690	48,047	3,473	2,870

(a) Included in cash at bank of the Group is an amount of RM8,907,000 (2014: RM26,526,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations; and

(b) An amount of RM66,000 (2014: RM62,000) held by a licensed corporation in trust for the holders of the Sukuk Murabahah as disclosed in Note 30(a).

26. Cash and bank balances (contd.)

(c) The deposits with licensed banks of the Group and of the Company which are pledged or on lien are:

(i) Deposits of RM1,880,000 (2014: RM1,774,000) pledged to a bank for credit facilities granted to a subsidiary;

(ii) Deposits of RM2,156,000 and RM NIL (2014: RM2,094,000 and RM4,237,000) on lien for bank guarantees granted to the Company and a subsidiary, respectively in favour of the customers for the projects awarded;

(iii) Deposits of RM292,000 (2014: RM283,000) pledged to a bank as security for credit facilities granted to a subsidiary (Note 30(b)).

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at reporting date:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	17,690	48,047	3,473	2,870
Add: Disposal group held for sale (Note 27)	230	-	-	-
Less:				
Pledged/designated	(4,328)	(8,388)	(2,156)	(2,094)
Bank overdrafts	(1,486)	(4,178)	-	-
Cash and cash equivalents	12,106	35,481	1,317	776

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between one month to twelve 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 3.3% (2014: 2.7% to 3.3%) and 2.7% (2014: 2.7% per annum respectively.

27. Disposal group classified as held for sale

The disposal group classified as held for sale comprise the followings assets of the Group:

(a) 20 units of Office Suite located at Encorp Strand Garden Office, Kota Damansara. The said property is valued at RM27,000,000, the fair value is estimated by the directors based on internal appraisal of fair value of comparable properties.

(b) During the financial year, 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 Red Carpet Avenue Sdn Bhd, which in turn is an indirect subsidiary of the Company, who is operating a food & beverage business; and

(c) During the financial year, RCASB has exercised its right for the put option pursuant to Clause 10 of the Shareholders 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.

The details of the assets and liabilities classified as held for sales as at 31 December 2015 are as follows:

	Group			
	(a)	(b)	(c)	Total
	RM'000	RM'000	RM'000	RM'000
Assets				
Non - current assets				
Plant and equipment	-	621	91	712
Intangible asset	-	2	1	3
Investment properties	27,000	-	-	27,000
	27,000	623	92	27,715
Current assets				
Inventories	-	28	-	28
Trade and other receivables	-	200	51	251
Cash and bank balances	-	76	154	230
	-	304	205	509
Assets of disposal group classified as held for sale				28,224
Curent liabilities				
Trade and other payables	-	1,032	219	1,251
Liabilities of disposal group classified as held for sale				1,251

	Company
	RM'000
Non - current assets	
Investment properties, representing non current assets held for sale	27,000

28. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties (a)	20,552	31,308	-	-
Amount due to a corporate shareholder of a subsidiary (b)	54,455	31,091	-	-
Retention sums on construction contracts	-	5	-	-
	75,007	62,404	-	-
Other payables				
Amounts due to:				
- subsidiaries (c)	-	-	10,978	11,700
- holding company (e)	5,000	-	5,000	-
Sundry payables	22,834	31,733	5,957	6,054
Accruals for construction costs	-	25,245	-	-
Provision for short-term accumulating compensated absences (d)	237	393	99	126
Other accruals	42,519	24,142	9,538	1,666
Deposits received in advance	-	139	-	-
	70,590	81,652	31,572	19,546
	145,597	144,056	31,572	19,546

28. Trade and other payables (contd.)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Trade payables				
Retention sum on construction contracts	7,730	10,695	-	-
Amount due to a corporate shareholder of a subsidiary (b)	-	21,882	-	-
	7,730	32,577	-	-
Total trade and other payables	153,327	176,633	31,572	19,546
Add: Loans and borrowings (Note 30)	1,230,877	1,276,989	54,175	39,326
Add: Disposal group held for sale (Note 27)	1,251	-	-	-
Less: Provision for short-term accumulating compensated absences (d)	(237)	(393)	(99)	(126)
Total financial liabilities carried at amortised cost	1,385,218	1,453,229	85,648	58,746

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 60 days (2014: 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, 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.

(c) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

28. Trade and other payables (contd.)

(d) The movement of provision for short term accumulating compensated absences is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	393	371	126	126
Recognised in statements of comprehensive income (Note 9)	42	22	-	-
Utilised during the year	(198)	-	(27)	-
At end of financial year	237	393	99	126

(e) Amount due to holding company is unsecured, non-interest bearing and are repayable on demand.

29. Provision and other current liabilities

(a) Provision for liability

Provision for liability made in current financial year is in respect of estimated delay damages for property development projects undertaken by the Group. Amount recognised in income statement is as disclosed in Note 8 and is based on terms of the applicable sale and purchase agreements.

(b) Other current liabilities

	Group	
	2015	2014
	RM'000	RM'000
Progress billings in respect of property development costs	3,692	5,517
Gross amount due to customers for contract work (Note 24)	-	28,388
	3,692	33,905

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30. Loans and borrowings

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Sukuk Murabahah	a	42,435	41,385	-	-
Bank overdraft 1	b	1,486	1,484	-	-
Bank overdraft 2	c	-	2,694	-	-
Term loan 1	d	-	4,018	-	-
Term loan 2	e	13,502	13,981	-	-
Term loan 3	f	6,040	6,040	-	-
Term loan 4	g	-	926	-	-
Term loan 5	h	1,478	1,707	1,478	1,707
Term loan 6	i	-	2,866	-	-
Term loan 7	j	-	200	-	-
Bridging loan	f	14,000	14,000	-	-
Revolving credit 1	d	3,350	3,350	-	-
Revolving credit 2	e	12,500	12,500	-	-
Revolving credit 3	k	5,000	5,000	5,000	5,000
Revolving credit 4	l	10,000	10,000	10,000	10,000
Revolving credit 5	m	15,000	-	15,000	-
RCSLS	n	11,191	342	11,191	342
Obligations under finance leases (Note 31(b))	o	40	2,211	40	87
		136,022	122,704	42,709	17,136

30. Loans and borrowings (contd.)

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Non-current					
Secured:					
Sukuk Murabahah	a	944,840	987,275	-	-
Term loan 2	e	87,717	99,662	-	-
Term loan 3	f	8,971	10,597	-	-
Term loan 5	h	11,394	11,578	11,394	11,578
Bridging loan	f	41,861	30,772	-	-
RCSLS	n	-	10,506	-	10,506
Obligations under finance leases (Note 31(b))	o	72	3,895	72	106
		1,094,855	1,154,285	11,466	22,190
Total loans and borrowings		1,230,877	1,276,989	54,175	39,326

The remaining maturities of loans and borrowings as at 31 December 2015 are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
On demand or within one year	136,022	122,704	42,709	17,136
More than 1 year and less than 2 years	83,947	111,654	1,551	12,326
More than 2 year and less than 5 years	279,729	252,872	4,434	5,120
5 years or more	731,179	789,759	5,481	4,744
	1,230,877	1,276,989	54,175	39,326

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.

30. Loans and borrowings (contd.)

(a) Sukuk Murabahah (contd.)

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.

(b) Bank overdraft 1

Bank overdraft 1 is denominated in RM, bears interest at base lending rate ("BLR") + 1.25% per annum, and is secured by short-term deposit (Note 26(c)) and corporate guarantee provided by the Company.

(c) Bank overdraft 2

Bank overdraft 2 is denominated in RM, bears interest at BLR +1% per annum and is secured by corporate guarantee issued by the Company.

(d) Term loan 1 and revolving credit 1

The term loan 1 is at cost of funds + 1.5% per annum and revolving credit 1 is at effective cost of funds + 1.25% per annum.

This loan is secured by a fixed charge over the Group's ten units of terrace shop offices (Note 17(a)), assignment of rental proceeds and corporate guarantee provided by the Company.

(e) Term loan 2 and revolving credit 2

Term loan 2 consists of two term loans which are at bank's one-month effective cost of funds + 1.4% 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 + 1.25% per annum.

These loans are secured by a fixed charge over the Group's four units of terrace shop offices (Note 15 and Note 17(a)), leasehold land under development (Note 17(a) and Note 18(b)), assignment over the project account and debenture over fixed and floating charge.

30. Loans and borrowings (contd.)

(f) Term loan 3, and bridging loan

The term loan and bridging loan's interest rates are at the bank's effective cost of funds + 1.75% per annum. The term loan and bridging loan are secured by a fixed charge over the Group's freehold land under development (Note 18(b)).

(g) Term loan 4

In prior financial year, the term loan 4 is at BLR+1% per annum. This loan is secured by a fixed charge over its Group's freehold land under development and corporate guarantee provided by the Company.

(h) Term loan 5

The term loan 5 is at cost of funds + 1.25% per annum. This loan is secured by the Company's properties (Note 17(a)).

(i) Term loan 6

In prior financial year, the term loan 6 is at Bank Bill Rate of Australia plus 1.25% per annum. This obligation is secured by the following:

(i) unlimited corporate guarantee and indemnity by the Company;
(ii) a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid or uncalled capital of the subsidiary; and
(iii) the land at 67 Canning Highway, Victoria Park, WA. (Note 18(a))

Term loan 6 has been settled in the current financial year.

(j) Term loan 7

The term loan 7 is at cost of funds + 1% per annum.

(k) Revolving credit 3

Revolving credit 3 is at cost of funds + 1.50% per annum.

(l) Revolving credit 4

Revolving credit 4 is at cost of funds + 1.75% per annum.

(m) Revolving credit 5

Revolving credit 5 is at cost of funds + 2% per annum. This loan is secured by a fixed charge over its Group's freehold land (Note 18(a)).

30. Loans and borrowings (contd.)

(n) Redeemable convertible secured loan stocks ("RCSLS")

The carrying amount of the liability component of the RCSLS at the reporting date is arrived at as follows:

	Group/ Company 2015 RM'000
Face value of RCSLS	65,706
Equity component	
- Deferred tax liability	1,213
- Warrant reserve (Note 33(a))	3,640
	4,853
Liability component of RCSLS at initial recognition	60,853

	Group/Company	
	2015 RM'000	2014 RM'000
Liability component of RCSLS at initial recognition	60,853	60,853
Interest expense recognised in profit or loss:		
At 1 January	18,635	15,444
Recognised during the year (Note 7)	976	3,191
At 31 December	19,611	18,635
Coupon paid:		
At 1 January	(12,894)	(10,811)
Paid during the year	(633)	(2,083)
At 31 December	(13,527)	(12,894)
Conversion of RCSLS	(55,746)	(55,746)
Liability component at 31 December	11,191	10,848

30. Loans and borrowings (contd.)

(n) Redeemable convertible secured loan stocks ("RCSLS") (contd.)

The Company had on 17 March 2011 issued the renounceable rights issue of up to RM54,530,634 nominal value of 5-year 6% RCSLS at 100% of its nominal value together with up to 27,265,317 free detachable warrants on the basis of two (2) RM1 nominal value of RCSLS together with one (1) free detachable warrant for every eight (8) existing ordinary shares of the Company held on 22 February 2011. In addition to the renounceable rights issue, the Company has issued by way of placement of up to RM11,175,426 nominal value of 5-year 6% RCSLS at 100% of its nominal value together with up to 5,587,713 free detachable warrants.

The salient features of the RCSLS issued by the Company are as follows:

(i) Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem all outstanding RCSLS at 105.95% of the nominal value of the RCSLS at the end of the fifth anniversary from the date of issuance of the RCSLS.

(ii) The coupon payment is payable in arrears on a quarterly basis and is computed based on the nominal value of the RCSLS at a rate of 6% per annum.

(iii) Each registered holder of RCSLS shall have the right at any time, after the issuance of RCSLS until the fifth anniversary from the date of issuance, to convert such nominal value of RCSLS held into fully-paid ordinary shares. The conversion price of RCSLS shall be fixed at RM1 by surrendering for cancellation, RM1 nominal value of RCSLS for one (1) new ordinary share of the Company.

(iv) The holders of the RCSLS shall grant to the Company an option to redeem the outstanding RCSLS in whole or in part at a price to be determined based on a yield-to-call of 7%. The call option may be exercisable by the Company on the day immediately preceding the second anniversary of the issuance of the RCSLS until and including the end of the third anniversary of the issuance of the RCSLS.

(v) Each RCSLS holders have the option to require the Company to redeem all or part of the outstanding RCSLS at 103.3% of the nominal value of the RCSLS on the third anniversary from the date of issuance of the RCSLS.

(vi) The RCSLS holders are not entitled to participate in any distribution or offer of securities of the Company until and unless such RCSLS holders convert the RCSLS into the Company's shares.

(vii) Upon conversion of the RCSLS into new ordinary shares, such share shall rank pari passu in all respects with the existing ordinary shares of the Company in issue at the time of conversion except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new ordinary shares to be issued pursuant to the conversion of the RCSLS.

30. Loans and borrowings (contd.)

(n) Redeemable convertible secured loan stocks ("RCSLS") (contd.)

On 18 March 2014, the day immediately after the third anniversary, the call option granted by the holders of the RCSLS to the Company to redeem the outstanding RCSLS in whole or in part had lapsed. The Company did not exercise the option. On the same day, the option granted to the RCSLS holders to require the Company to redeem all or part of the outstanding RCSLS had also lapsed. None of the RCSLS holders had exercised the option.

The RCSLS has matured on 17 March 2016 ("Maturity Date"). Any RCSLS which are not converted by the Maturity Date shall be redeemed by Encorp at 105.95% of the nominal value of such RCSLS.

The RCSLS is secured by a legal charge over fifteen units of terrace shop offices (Note 17(a)).

(o) Obligations under finance leases

These obligation are secured by a charge over the leased assets (Note 15).

31. Commitments

(a) Capital commitment

On 24 June 2015, Federal Land Development Authority ("Felda") and the Company had executed an MoU, which sets out the mutual understanding in relation to the proposed development of a leashold land measuring aproximately 640.98 acres held under PN43209, Lot no. 6934 Mukim Bukit Katil, District of Melaka Tengah in the state of Melaka ("Land"), which will be formalised in a definitive agreement to be entered into between Encorp or its subsidiary and Felda on terms and conditions to be mutually agreed at a later date.

Subsequently, Felda and Encorp's wholly-owned subsidiary, Encorp Bukit Katil Sdn Bhd ("EBKSB") had entered into the Master Development Agreement ("MDA") on 20 January 2016. Pursuant to the MDA, Felda shall grant the Development Rights of the Land to EBKSB and as consideration for granting the rights to develop the Land, EBKSB shall pay a total cash consideration of RM583,600,000 ("Total Consideration") by instalments. A payment of RM35,000,000 will be made within twenty one (21) days from the day the MDA becoming unconditional whilst the remaining balance of the Total Consideration will be paid over a period of thirteen (13) years commencing in 2017.

The proposal is pending approval by shareholders.

31. Commitments (contd.)

(b) Finance lease commitments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
Not later than 1 year	44	2,506	44	91
Later than 1 year and not later than 2 years	40	2,239	40	45
Later than 2 years and not later than 5 years	35	1,888	35	68
Total minimum lease payment	119	6,633	119	204
Less: Amounts representing finance charge	(7)	(527)	(7)	(11)
Present value of finance lease liabilities	112	6,106	112	193
Present value of minimum payments:				
Not later than 1 year	40	2,211	40	87
Later than 1 year and not later than 2 years	38	2,072	38	41
Later than 2 years and not later than 5 years	34	1,823	34	65
	112	6,106	112	193
Less: Amount due within 12 months (Note 30)	(40)	(2,211)	(40)	(87)
Amount due after 12 months (Note 30)	72	3,895	72	106

The hire purchase and leasing payables of the Group and of the Company bear interests at the balance sheet date at flat rates of between 2.5% to 2.9% (2014: 2.5% to 4.0%) and 2.5% to 2.9% (2014: 2.5% to 2.9%) per annum.

31. Commitments (contd.)

(c) Operating lease commitments - as lessee

The Group and the Company have entered into operating leases on certain motor vehicles and items of machinery, with lease terms between three and five years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not later than 1 year	124	566	578	140
Later than 1 year but not later than 5 years	78	1,698	5	419
	202	2,264	583	559

(d) 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	
	2015 RM'000	2014 RM'000
Not later than 1 year	6,313	7,719
Later than 1 year but not later than 5 years	2,953	11,139
	9,266	18,858

32. Share capital, treasury shares and share premium

	Group and Company					
	Number of ordinary shares of RM1 each		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 2014	224,855,436	(5,386,000)	224,856	102,440	327,296	(4,559)
Transactions with owners						
Issuance of ordinary shares:						
- Conversion of RCSLS	53,789,080	-	53,789	604	54,393	-
- Exercise of warrants	200	-	-	-	-	-
At 31 December 2014 and 1 January 2015	278,644,716	(5,386,000)	278,645	103,044	381,689	(4,559)
Transactions with owners						
Disposal of treassury shares	-	5,000,000	-	-	-	5,490
Gain on disposal of treasury shares transferred to share premium reserve	-	-	-	1,258	1,258	(1,258)
At 31 December 2015	278,644,716	(386,000)	278,645	104,302	382,947	(327)

32. Share capital, treasury shares and share premium (contd.)

	Number of ordinary shares of RM1 each		Amount	
	2015	2014	2015 RM'000	2014 RM'000
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000	500,000

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.

In prior financial year, the Company increased its issued and paid-up ordinary share capital from RM224,855,436 to RM278,644,716 by way of the issuance of 53,789,280 ordinary shares of RM1 each arising from the conversion of 53,789,080 units of 5-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") of RM1 nominal value each and exercise of 200 units of warrants at exercise price of RM1 each.

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.

On 12 February 2015, the Company resold 5,000,000 of its treasury shares at the price of RM1.10 per treasury share for total consideration of RM5,490,550.

As at 31 December 2015, the Company held as treasury shares a total of 386,000 of its 278,644,716 issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,732.

33. Other reserves

	Warrant reserve (a) RM'000	Foreign currency translation reserve (b) RM'000	Total RM'000
Group			
At 1 January 2014	3,640	(1,047)	2,593
Other comprehensive income			
Exercise of warrants	-*	-	-*
Foreign currency translation	-	(980)	(980)
At 31 December 2014 and 1 January 2015	3,640	(2,027)	1,613
Foreign currency translation	-	2,969	2,969
At 31 December 2015	3,640	942	4,582
Company			
At 1 January 2014	3,640	-	3,640
Exercise of warrants	-*	-	-*
At 31 December 2014 and 1 January 2015, 31 December 2015	3,640	-	3,640

* Represents 200 units of warrants at exercise price of RM1 of each warrant for one new ordinary share of the company.

(a) Warrant reserve

Warrant reserve relates to the fair value in relation to the issuance of RCSLS.

(b) Foreign currency translation reserve

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. Accumulated loss/retained earnings

In the previous financial year, the Company could distribute dividends out of its retained earnings under the single tier system.

35. Financial guarantees

The Company has provided the following guarantees at the reporting date:

- corporate guarantees of RM409,000 (2014: RM3,229,000) given to suppliers in favour of credit terms granted to a former subsidiary;

- corporate guarantees given to banks of RM89,496,000 (2014: RM121,512,000) for credit facilities granted to subsidiaries; and

- corporate guarantees given to a financial institution of RM3,607,000 (2014: RM5,388,000) for credit facilities granted to a subsidiary.

As at reporting date, no values are ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such banking facilities granted to subsidiaries are collateralised by charges over the lands and inventories of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

36. 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:

	2015 RM'000	2014 RM'000
Group		
Sales of properties under development to the directors of the Company (i)	-	(1,403)

36. Related party disclosures (contd.)

(a) Sales and purchases of goods and services (contd.)

	2015 RM'000	2014 RM'000
Company		
Management fees charged to subsidiaries (ii):		
- Encorp Construct Sdn. Bhd.	(540)	(2,160)
- Encorp Must Sdn. Bhd.	(840)	(1,116)
- Encorp Systembilt Sdn. Bhd.	(600)	(816)
- Must Ehsan Development Sdn. Bhd.	(600)	(600)
- Encorp Development Sdn. Bhd.	(216)	(1,152)
- Encorp Iskandar Development Sdn. Bhd.	(840)	(1,164)
- Encorp Strand Mall Sdn. Bhd.	(996)	(1,800)
Rental payable to subsidiaries (iii):		
- Encorp Strand Mall Sdn. Bhd.	(540)	540
Coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. (iv)	(1,283)	(2,320)
Progress billing in respect of construction work performed by a subsidiary	-	6,174

(i) The sale of properties under development to a corporate shareholder of a subsidiary, persons who are connected to a director and the directors of the Company and of the subsidiaries, were made according to the published prices and conditions offered to the major customers of the Group with a preferential discount rate as approved by the Board of Directors.

(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 subsidiaries has been entered into in the normal course of business and is repayable on demand.

(iv) The coupon payable on RCSLS charged to 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 2015 and 31 December 2014 are disclosed in Notes 20 and 28.

36. Related party disclosures (contd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	302	1,289	302	1,122
Social security costs	-	1	-	1
Contributions to defined contribution plans	-	108	-	108
Other staff related expenses	-	173	-	49
	302	1,571	302	1,280

Included in the total remuneration of key management personnel is:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 10)	81	984	81	984

37. 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 (unajusted) 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.

37. Fair value measurements (contd.)

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 2015				
Investment properties (Note 17(a)):				
- Shopping mall	-	-	206,000	206,000
- Terrace shop office	-	-	118,860	118,860
Assets held for sale (Note 27):				
- Terrace shop office	-	-	27,000	27,000
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 25)	-	109,961	-	109,961
	-	109,961	351,860	461,821
Group				
At 31 December 2014				
Investment properties (Note 17(a)):				
- Shopping mall	-	-	205,000	205,000
- Terrace shop office	-	-	138,749	138,749
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 25)	-	108,300	-	108,300
	-	108,300	343,749	452,049
Company				
At 31 December 2015				
Assets held for sale (Note 27):				
- Terrace shop office	-	-	27,000	27,000
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 25)	-	68	-	68
	-	68	27,000	27,068
Company				
At 31 December 2014				
Investment properties (Note 17(a):				
- Terrace shop office	-	-	35,449	35,449
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 25)	-	69	-	69
	-	69	35,449	35,518

37. Fair value measurements (contd.)

	Shopping Mall RM'000	Terrace Shop office RM'000	Total RM'000
At 1 January 2014	-	103,300	103,300
Re-measurement recognised in profit or loss	17,916	27,967	45,833
Transfer from property, plant and equipment	-	9,541	9,541
Transfer from investment property under construction	185,025	-	185,025
At 31 December 2014	202,941	140,808	343,749
Re-measurement recognised in profit or loss	1,000	7,111	8,111
At 31 December 2015	203,941	147,919	351,860

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 2015			
Shopping mall	Investment method	Allowance for void	10%
		Term yield	6.5%
		Reversionary yield rates	7%
Terrace Shop office	Market comparable approach	Different in location, time factor, size, land usage, tenure and main road	2.5% - 7.5%
At 31 December 2014			
Shopping mall	Investment method	Allowance for void	10%
		Term yield	6.75%
		Reversionary yield rates	7%
Terrace Shop office	Market comparable approach	Different in location, time factor, size, land usage, tenure and main road	2.5% - 10%

37. Fair value measurements (contd.)

Terrace shop offices

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

Shopping mall

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest which include estimating the current rental income that accrue to the property if it is made available for letting based on the useful tenancy term in the open market. The future rental income takes into consideration the information and projections based on tenancy renewal terms as well as future market anticipation. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and outgoings per annum in isolation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield and discount rate in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

37. Fair value measurements (contd.)

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)	20
Cash and bank balances	26
Trade and other payables (non-current and current)	28
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 re-priced 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.

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.

38. 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

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 20. 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:

38. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

	Group			
	2015		2014	
	RM'000	% of total	RM'000	% of total
By industry sectors				
Concessionaire sector	957,225	96%	996,166	92%
Construction sector	-	-	20,944	2%
Property development sector	38,348	4%	60,315	6%
Investment property	6,078	-*	1,338	-*
Other sector	275	-*	547	-*
	1,001,926	100%	1,079,310	100%

* Less than 1% of total receivabes

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 20. 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

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.

38. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (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				
2015				
Financial liabilities:				
Trade and other payables (excluding provision)	146,611	8,525	-	155,136
Loans and borrowings	145,343	986,233	1,341,210	2,472,786
Total undiscounted financial liabilities	291,954	994,758	1,341,210	2,627,922
2014				
Financial liabilities:				
Trade and other payables (excluding provision)	143,663	34,729	-	178,392
Loans and borrowings	220,537	721,947	1,163,541	2,106,025
Total undiscounted financial liabilities	364,200	756,676	1,163,541	2,284,417

38. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2015				
Financial liabilities:				
Trade and other payables (excluding provision)	31,473	-	-	31,473
Loans and borrowings	45,229	10,171	6,057	61,457
Total undiscounted financial liabilities	76,702	10,171	6,057	92,930
2014				
Financial liabilities:				
Trade and other payables (excluding provision)	19,420	-	-	19,420
Loans and borrowings	17,428	23,042	-	40,470
Total undiscounted financial liabilities	36,848	23,042	-	59,890

(c) Interest rate risk

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 profit net of tax would have been RM109,803 (2014: RM231,000) 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.

38. Financial risk management objectives and policies (contd.)

(d) Foreign currency exchange risk

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 RM2,302,000 (2014: RM663,000) 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 profit 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	
	2015	**2014**
	RM'000	**RM'000**
AUD/RM - strengthened 9% (2014: 1%)	(225)	(64)
- weakened 9% (2014: 1%)	225	64

39. 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 2015 and 31 December 2014.

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 RCSLS and Sukuk), trade and other payables, less cash and bank balances and investment securities. Capital includes RCSLS, equity attributable to the owners of the parent.

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	30	1,230,877	1,276,989	54,175	39,326
Trade and other payables	28	153,327	176,633	31,572	19,546
Less: RCSLS	30	(11,191)	(10,848)	(11,191)	(10,848)
Less: Sukuk	30	(987,275)	(1,028,660)	-	-
Less: Cash and bank balances	26	(17,690)	(48,047)	(3,473)	(2,870)
Less: Investment security	25	(109,961)	(108,300)	(68)	(69)
Net debt		258,087	257,767	71,015	45,085
RCSLS	30	11,191	10,848	11,191	10,848
Equity attributable to the owners of the parent		394,356	384,517	381,997	424,152
Total capital		405,547	395,365	393,188	435,000
Capital and net debt		663,634	653,132	464,203	480,085
Gearing ratio		39%	39%	15%	9%

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.

40. 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 contracts;

(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.

40. Segment information (contd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Others * RM'000	Construction contracts (Discontinued) RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
2015									
Revenue									
External customers	-	97,839	101,980	9,452	614	15,451	(15,451)		209,885
Inter-segment	7,963	-	-	642	-	14,349	(22,954)	A	-
Total revenue	7,963	97,839	101,980	10,094	614	29,800	(38,405)		209,885
Results:									
Interest income	98	4,229	1,120	10	11	72	(72)		5,468
Interest expense	2,524	97,541	3,315	6,739	258	947	(2,474)		108,850
Depreciation and amortisation	731	-	116	118	163	2,134	(2,033)		1,229
Reversal impairment of land held for development	-	-	3,496	-	-	-	-		3,496
Rental income	-	-	153	-	-	533	533		153
Other non-cash income	274	-	4,115	72	6	1,057	(1,057)	B	4,467
Fair value (loss)/gain on investment property	(8,449)	-	-	20,230	-	-	(3,670)		8,111
Segment profit/(loss)	(16,660)	2,878	20,485	11,509	(3,015)	(18,925)	15,802		12,074
Assets:									
Additions to non-current assets	619	-	5,507	-	-	-	-	C	6,126
Segment assets	501,794	1,077,311	695,032	399,378	27,328	42,565	(854,460)	D	1,888,948
Segment liabilities	103,098	994,275	425,008	298,501	39,945	89,897	(547,274)	E	1,403,450

40. Segment information (contd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Others * RM'000	Construction contracts (Discontinued) RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
2014									
Revenue									
External customers	-	101,527	144,301	4,807	1,517	78,233	(78,233)		252,152
Inter-segment	18,376	-	496	665	-	40,910	(60,447)	A	-
Total revenue	18,376	101,527	144,797	5,472	1,517	119,143	(138,680)		252,152
Results:									
Interest income	175	3,784	2,395	-	8	144	(144)		6,362
Interest expense	4,511	101,593	3,640	5,920	86	1,567	(3,444)		113,873
Depreciation and amortisation	1,137	-	134	84	171	2,395	(2,294)		1,627
Impairment of land held for development	-	-	1,196	-	-	-	-		1,196
Rental income	84	-	-	213	-	-	(84)		213
Other non-cash income	2,331	-	1,718	547	14	152	(2,420)	B	2,342
Fair value gain on investment property	16,243	-	-	42,758	-	-	(13,118)		45,883
Segment profit/(loss)	10,001	3,487	26,645	26,572	(1,340)	(35,452)	19,479		49,392
Assets:									
Additions to non-current assets	35,458	-	605	205,592	1	7,585	(23)	C	249,218
Segment assets	579,843	1,115,097	693,943	324,058	12,417	89,104	(852,551)	D	1,961,911
Segment liabilities	74.662	1,034,939	440,280	285,676	15,932	116,958	(478,059)	E	1,490,388

40. 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	2015 RM'000	2014 RM'000
Bad debts recovered		-	6
Finance income - other liabilities at amortised costs		-	826
Other income		4,411	1,499
Gain on disposal of property, plant and equipment		56	11
		4,467	2,342

C Additions to non-current assets consist of :

	Note	2015 RM'000	2014 RM'000
Property, plant and equipment	15	30	8,066
Intangible assets	16	589	98
Investment properties	17	-	240,499
Land held for property development	18	5,507	605
		6,126	249,218

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	2015 RM'000	2014 RM'000
Deferred tax assets	21	4,339	7,746
Tax recoverable		8,981	6,332
Inter-segment assets		(867,780)	(866,629)
		(854,460)	(852,551)

40. 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	2015 RM'000	2014 RM'000
Loans and borrowings	30	1,230,877	1,276,989
Current tax payable		10	3
Deferred tax liabilities	21	4,050	2,858
Inter-segment liabilities		(1,782,211)	(1,757,909)
		(547,274)	(478,059)

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	205,248	260,162	431,878	445,457
Australia	4,637	(8,010)	18,780	14,366
	209,885	252,152	450,658	459,823

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2015 RM'000	2014 RM'000
Property, plant and equipment	15	7,536	22,846
Intangible assets	16	25,234	24,969
Completed investment property	17(a)	324,860	343,749
Land held for property development	18(a)	93,028	68,259
		450,658	459,823

41. Comparatives

The Group has reassessed the classification of its assets in accordance with FRS 201$_{2004}$: property development activities and resulting therefrom, certain costs relating to development expenditures incurred for future developments that were previously classified as property development cost have been reclassified to land held for development, as follows:

	Statement of financial position		
	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Group			
As at 31 December 2014			
Non-current assets			
Land held for Property development	45,820	22,439	68,259
Current assets			
Property development cost	77,587	(22,439)	55,148
As at 1 January 2014			
Non-current assets			
Land held for Property development	46,712	22,439	69,151
Current assets			
Property development cost	157,976	(22,439)	135,537

Encorp Berhad (506836-X)
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42. Supplemental information

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	224,310	261,690	(19,304)	24,825
- Unrealised	105,750	64,663	15,041	18,557
	330,060	326,353	(4,263)	43,382
Less: Consolidation adjustments	(322,906)	(320,579)	-	-
Total retained earnings as per financial statements	7,154	5,774	(4,263)	43,382

List of Properties

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.15 (RM'000)	YEAR OF ACQUISITION
Property Held				
Garden Office (Block P), Kota Damansara, Selangor Darul Ehsan on PT 10563 HS(D) 251908, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	20 units of office suites (99 years lease expiring on 14/11/2107)	3,992	27,000	2010
Completed Investment Property				
Red Carpet Avenue	29 units terrace shop offices	15,130	135,230	2013
Encorp Strand Mall	3 storey retail center with 4 storey elevated carpark and 1 level basement carpark	132,441	206,000	2013
Inventories				
PN 81890 Lot 4028 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	3 storey shop offices	173	1,129	2000
Garden Office, Kota Damansara, Selangor Darul Ehsan on PT 10563 HS(D) 251908, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	45 units of office suites (99 years lease expiring on 14/11/2107)	7,682	51,678	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

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.15 (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)	1,176	18,019	2010
Properties Under Development & Land Held for Development				
PN 82690 Lot 4762, PN 82692 - 82696 Lot 4763 - 4767, PN 82699 - 82706 Lot 4768 - 4775, PN 82713 - 82726 Lot 4782 - 4795, PN 82733 - 82746 Lot 4802 - 4815 & PN 82753 - 82832 Lot 4822 - 4901, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 31/03/2104)	24,892	4,332	2000
PN 81947 - 81954 Lot 4084 - 4091, PN 81956 - 81965 Lot 4092 - 4101, PN 81994 - 82033 Lot 4127 - 4166, PN 82035 - 82041 Lot 4171 - 4177, PN 82042 - 82048 Lot 4179 - 4185, PN 82049 Lot 4187, PN 82051 - 82058 Lot 4189 - 4196, PN 82060 - 82063 Lot 4197 - 4200, PN 82083 - 82092 Lot 4201 - 4210, PN 82193 Lot 4302, PN 82196 - 82202 Lot 4307 - 4313, PN 82204 - 822250 Lot 4314 - 4360, 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,	Land held for property development (99 years lease expiring on 22/03/2104 & 25/03/2104)	55,533	8,586	2000

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.15 (RM'000)	YEAR OF ACQUISITION
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 - 82307 Lot 4410 - 4413, PN 82309 Lot 4415, PN 82315 Lot 4416, PN 82317 - 82318 Lot 4417 - 4418, PN 83208 Lot 4414, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan				
PN 83361 - 83452 Lot 5432 - 5526, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	16,195	2,504	2000
PN 82610 - 82624 Lot 4692 - Lot 4706, PN 82644 - 82651 Lot 4707 - 4714, Lot 82653 - 82664 Lot 4718 - 4729, PN 82669 - 82670 Lot 4730 - 4731, PN 82671 - 82678 Lot 4744 - 4750, PN 82679 - 82689 Lot 4751 - 4761, PN 82707 - 82712 Lot 4776 - 4781, PN 82727 - 82732 Lot 4796 - 4801, PN 82747 - 82752 Lot 4816 - 4821, PN 82833 - 82852 Lot 4902 - 4921, PN 82854 - 82946 Lot 4924 - 5016 & 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 & 31/03/2104)	40,716	6,295	2000

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.15 (RM'000)	YEAR OF ACQUISITION
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	2,955	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	4,711	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	2,678	2000



LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.15 (RM'000)	YEAR OF ACQUISITION
PT 10562 HS(D) 251907, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Commercial property under construction (99 years lease expiring on 14/11/2107)	25,082	5,918	2000
No. Hakmilik GRN 35127, Nombor Lot 289, Seksyen 2, Bandar Batu Feringgi, Daerah Timor Laut, Pulau Pinang	Freehold land held for property development	23,597	16,116	2008
HS(D) 458136, PTD 166961, Mukim Pulai, Daerah Johor Bahru, Johor	Freehold land held for property development	13,363	26,962	2012
Overseas Properties Under Development & Land Held for Development				
15 Tea Tree Close Cockburn Central, Perth, Australia	Freehold land held for property development	11,002	18,780	2012





Shareholdings' Information

Shareholdings' Information

Analysis of shareholdings as at 21 March 2016

Authorised Share Capital : RM500,000,000.00
Issued and Paid-up Share Capital : RM278,648,016 *
Class of Shares : Ordinary shares of RM1.00 each
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	%
1 - 99	96	4.68	861	0.00
100 - 1,000	264	12.88	200,700	0.07
1,001 - 10,000	1,278	62.34	5,099,633	1.83
10,001 - 100,000	346	16.88	11,548,196	4.15
100,001 – less than 5% of issued shares	64	3.12	23,923,400	8.60
5% and above of issued shares	2	0.10	237,489,226	85.35
Total	**2,050**	**100.00**	**278,262,016**	**100.00**

Information Of Substantial Shareholders

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,489,226	70.97	-	-
Federal Land Development Authority	-	-	197,489,226 ①	70.97
Anjakan Masyhur Sdn. Bhd.	40,000,000	14.37	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ②	14.37
Azman Hanafi bin Abdullah	-	-	40,000,000 ②	14.37

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

List Of Directors' Shareholdings

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
YB Tan Sri Haji Mohd Isa Bin Dato' Haji Abdul Samad	-	-	-	-
Dato' Haji Zakaria Bin Nordin	-	-	-	-
Datuk Hanapi Bin Suhada	-	-	-	-
YB Datuk Noor Ehsanuddin Bin Mohd Harun Narrashid	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-
Dato' Feroz Bin A S Moidunny	-	-	-	-
Abdul Rahim Bin Abdul Hamid	-	-	-	-

List Of 30 Largest Shareholders
(As At 21 March 2016)

No	Name	No. of Shares	%
1	Felda Investment Corporation Sdn. Bhd.	197,489,226	70.97
2	Anjakan Masyhur Sdn. Bhd.	40,000,000	14.37
3	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teh Swee Heng (MM1118)	2,194,300	0.79
4	Datuk (Dr) Philip Ting Ding Ing	1,924,500	0.69
5	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (8059299)	1,708,100	0.61
6	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (8058967)	1,134,800	0.41
7	Abdul Aziz Bin Abdul Kadir	1,000,000	0.36
8	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (740028152)	929,200	0.33
9	Leow Kit Keong	888,600	0.32
10	Yahya Talla	814,100	0.29
11	Ng Long Tiang	680,000	0.24
12	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	625,400	0.22
13	Mohd Isa Bin Ismail	511,700	0.18
14	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stuart Saw Teik Siew	509,500	0.18

No	Name	No. of Shares	%
15	Amanahraya Trustees Berhad Amanah Saham Sarawak	500,000	0.18
16	Tung Yoke Cheng	491,000	0.18
17	CIMSEC Nominees (Asing) Sdn. Bhd. CIMB Bank for Lim Geok Eng Mary (MY0955)	478,500	0.17
18	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Geok Eng Mary	412,000	0.15
19	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	359,000	0.13
20	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	342,000	0.12
21	Teo Yong Fong	337,000	0.12
22	Supang Lian @ Supang Tala	334,100	0.12
23	Chew Wee San	300,000	0.11
24	Lee Boon Leng	300,000	0.11
25	Lee Kay Huat	300,000	0.11
26	Andrew Lim Eng Guan	289,700	0.10
27	Rozairie Aida Binti Mohamed Sam	274,500	0.10
28	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Juai Hian (100378)	259,000	0.09
29	Lim Mei Kong	240,000	0.09
30	Lim Chin Hui & Son Sdn. Berhad	230,000	0.08
	Total	**255,856,226**	**91.95**

Statement of Share Buy-Back

Statement accompanying notice of annual general meeting pursuant to paragraph 12.06(2)(a) of the main market listing requirements of Bursa Malaysia Securities Berhad

1. Disclaimer Statement

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 18 February 2016, announced that it will be seeking shareholders' approval at the 16th Annual General Meeting ("AGM") of the Company for the proposed renewal of authority for the Company to purchase its own ordinary shares of RM1.00 each ("Encorp Shares") of up to 10% of the issued and paid-up share capital 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 16th AGM of the Company to be held at Mutiara 3 Room, Ground Floor, The Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 15 June 2016 at 3.00 p.m. The Notice of the 16th AGM of the Company and the Form of Proxy are enclosed in the Annual Report 2015 of the Company.

3. Details of the Proposed Renewal of Authority for Share Buy-Back

At the 15th AGM of the Company held on 24 June 2015, the shareholders had approved the renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company. The said approval will expire at the conclusion of the 16th 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 16th AGM and will expire at:

i. the conclusion of the next 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 67A of the Companies Act, 1965 (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 for distribution as share dividends to the shareholders of the Company, and/or resell the treasury shares through Bursa Securities in accordance with the relevant rules of Bursa Securities; or
iii. to retain part of the shares as treasury shares and cancel the remainder.

If such purchased shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and 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 substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions at meetings of shareholders.

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.

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 issued and paid-up share capital 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 and Share Premium

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2015, the accumulated loss and share premium account of the Company stood at RM4,263,000 and RM104,302,000 respectively.

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 21 March 2016 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-Back ①			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad	-	-	-	-	-	-	-	-
Dato' Haji Zakaria bin Nordin	-	-	-	-	-	-	-	-
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	-	-	-	-	-	-	-	-
Datuk Hanapi bin Suhada	-	-	-	-	-	-	-	-
Datuk Haji Jaafar bin Abu Bakar	-	-	-	-	-	-	-	-
Dato' Feroz bin A S Moidunny	-	-	-	-	-	-	-	-
Abdul Rahim bin Abdul Hamid	-	-	-	-	-	-	-	-

① Assuming that 10% of the existing issued and paid-up share capital 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 21 March 2016 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	197,489,226	70.97	-	-	197,489,226	78.75	-	-
Federal Land Development Authority	-	-	197,489,226 ①	70.97	-	-	197,489,226 ①	78.75
Anjakan Masyhur Sdn. Bhd.	40,000,000	14.37	-	-	40,000,000	15.95	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ②	14.37	-	-	40,000,000 ②	15.95
Azman Hanafi bin Abdullah	-	-	40,000,000 ②	14.37	-	-	40,000,000 ②	15.95

Assuming that 10% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares in total.

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 6A of the Companies Act,1965.

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 and share premium 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 issued and paid-up share capital 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 issued and paid-up share capital 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 21 March 2016 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 21 March 2016	278,648,016
Treasury shares as at 21 March 2016	(386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(27,478,801)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	250,783,215

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 issued and paid-up share capital 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 issued and paid-up share capital 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 2016 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 2010 (the "Code")

In the event the proposed share buy-back results in any directors(s), substantial shareholders(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 Paragraph 24 of Practice Note 9 of the Code before a mandatory offer obligation is triggered.

11. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

Details of Share Buy-Back are as set out in the section titled "Additional Compliance Information Pursuant To Main Market Listing Requirements of Bursa Malaysia Securities Berhad" on page 81 of the Annual Report 2015 of the Company.

12. Public Shareholding Spread

As at 21 March 2016, the public shareholding spread of Encorp was 14.63%. The Company will not undertake any share buy-back if that will result in a 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. 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.

14. 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.

15. Other Information

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.



Annual General Meeting

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of ENCORP BERHAD will be held at Mutiara 3 Room, Ground Floor, The Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 15 June 2016 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 2015 together with the Reports of the Directors and Auditors thereon.	(Ordinary Resolution 1)
2.	To approve the Directors' fees up to RM700,000.00 for the financial year ending 31 December 2016, to be payable on a quarterly basis in arrears.	(Ordinary Resolution 2)
3.	To re-elect the following Directors who retire in accordance with Article 81 of the Articles of Association of the Company: (a) YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad (b) Dato' Feroz bin A S Moidunny	 (Ordinary Resolution 3) (Ordinary Resolution 4)
4.	To re-elect Datuk Hanapi bin Suhada who retire in accordance with Article 88 of the Articles of Association of the Company.	(Ordinary Resolution 5)
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration.	(Ordinary Resolution 6)

As Special Business

To consider and, if thought fit, to pass the following resolutions:

6.	**Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965** "THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and 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 issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital 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 issued 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 Annual General Meeting of the Company."	(Ordinary Resolution 7)

7.	**Proposed Renewal of Authority for Share Buy-Back** "THAT subject always to the Companies Act, 1965, the Company's Articles of Association, 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 ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital 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 issued and paid-up ordinary share capital 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 and share premium account 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 next Annual General Meeting 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 Annual General Meeting after the 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; and/or (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market day of Bursa Securities; and/or (iii) retain part of the shares so purchased as treasury shares and cancel the remainder. 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 8)
8.	**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 29 April 2016**	

	"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 29 April 2016) 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 Annual General Meeting 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 Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965, (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or (c) revoked or varied by resolution passed by the shareholders in 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 9)
9.	To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.	

By Order of the Board

Lee Lay Hong (LS 0008444)
Nuruluyun binti Abdul Jabar (MIA 9113)
Company Secretaries

Selangor Darul Ehsan
29 April 2016

Explanatory Notes to Special Business:

1. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The above Ordinary Resolution 7 is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.

The above Ordinary Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of share issued does not exceed ten per centum (10%) of the issued share capital 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 Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifteenth Annual General Meeting held on 24 June 2015 and which will lapse at the conclusion of the Sixteenth Annual General Meeting ("16th AGM") to be held on 15 June 2016.

The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

2. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of Ordinary Resolution 8 is intended to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 24 June 2015. 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 issued and paid-up share capital of the Company at any time within the time period stipulated in the Listing Requirements of Bursa Securities.

3. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9, 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 29 April 2016 which is circulated together with the Annual Report 2015.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 June 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 16th AGM.

2. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to 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 149(1)(c) of the Act 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 forty-eight (48) 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 Sixteenth Annual General Meeting of the Company.

FORM OF PROXY

No. of Shares Held	
CDS Account No.	
Telephone No.	

(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 Sixteenth Annual General Meeting ("16th AGM") of the Company to be held at Mutiara 3 Room, Ground Floor, The Royale Chulan Damansara Hotel, No. 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 15 June 2016 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.	Receipt of Audited Financial Statements for the financial year ended 31 December 2015 together with Reports of the Directors and Auditors thereon		
2.	Approval of Directors' Fees up to RM700,000.00 for the financial year ending 31 December 2016, to be payable on quarterly basis in arrears		
3.	Re-election of YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad as Director		
4.	Re-election of Dato' Feroz bin A S Moidunny as Director		
5.	Re-election of Datuk Hanapi bin Suhada as Director		
6.	Re-appointment of Messrs. Ernst & Young as Auditors and authority to the Directors to fix the Auditors' remuneration		
7.	Authority for Directors to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
8.	Proposed renewal of authority for share buy-back		
9.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3 of the Circular to Shareholders dated 29 April 2016		

Dated this ……. day of …….. 2016

_____
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 8 June 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 16th AGM.*
2. *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to 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 149(1)(c) of the Act 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 forty-eight (48) 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)

ENCORP BERHAD (506836-X)

45G, Jalan PJU 5/21
The Strand Encorp
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Kota Damansara PJU 5, 47810 Petaling Jaya
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