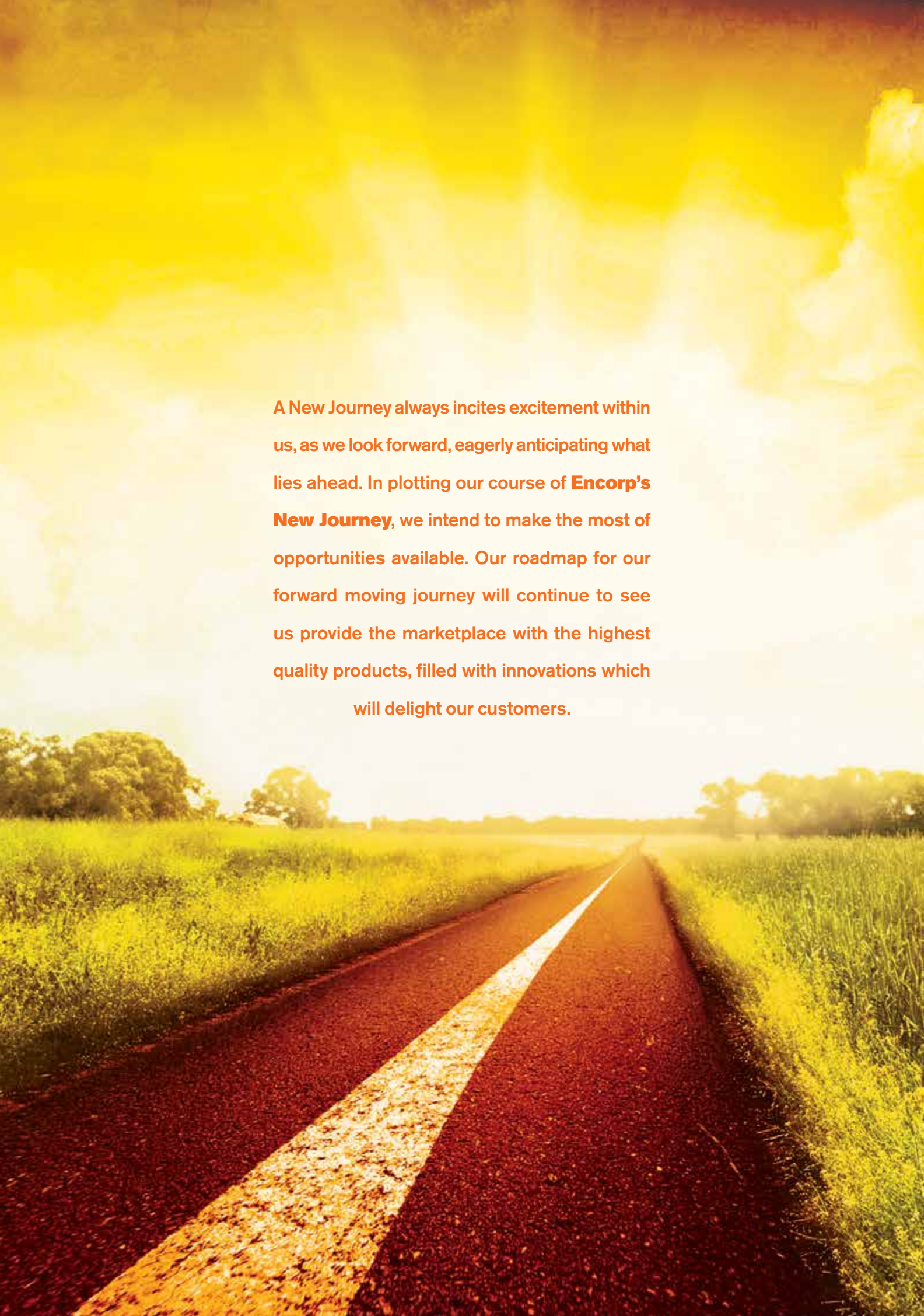


ENCORP
BERHAD

NEW JOURNEY

ANNUAL REPORT 2014

(506836-X)



A New Journey always incites excitement within us, as we look forward, eagerly anticipating what lies ahead. In plotting our course of **Encorp's New Journey**, we intend to make the most of opportunities available. Our roadmap for our forward moving journey will continue to see us provide the marketplace with the highest quality products, filled with innovations which will delight 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 2014
Announcement of the audited year end 2013 Profit Before Tax as RM115.9 million

21 May 2014
Announcement of the first quarter of 2014 results with a Profit Before Tax of RM15.5 million

25 August 2014
Announcement of the second quarter of 2014 results with a Profit Before Tax of RM6.6 million

26 November 2014
Announcement of the third quarter of 2014 results with a Profit Before Tax of -RM10.0 million

_Dividend

28 April 2014
Announcement of the notice of entitlement and payment of a single-tier final dividend of 3 sen per ordinary share for the financial year ended 31 December 2013

30 June 2014
Date of entitlement to a single-tier final dividend of 3 sen per ordinary share for the financial year ended 31 December 2013

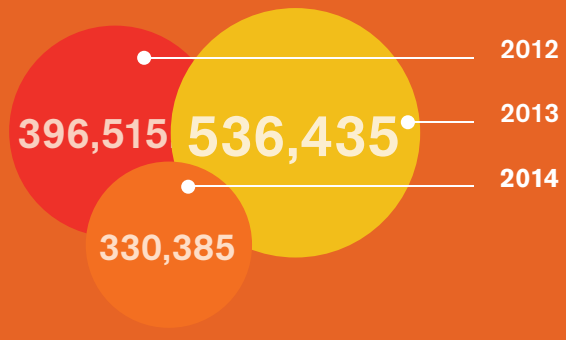
10 July 2014
Date of payment to a single- tier final dividend of 3 sen per ordinary share for the financial year ended 31 December 2013

_15th Annual General Meeting

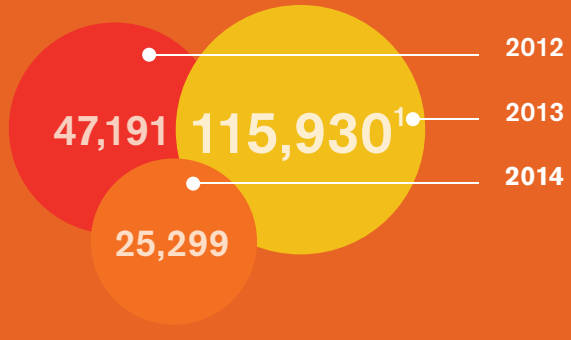
Banquet Hall 3, Level B2, Menara FELDA, Platinum Park, No. 11 Persiaran KLCC, 50088 Kuala Lumpur on Wednesday, 24 June 2015 at 4.00 p.m.

FINANCIAL HIGHLIGHTS
AS AT 31 DECEMBER 2014

_Results Highlight



Revenue (RM'000)

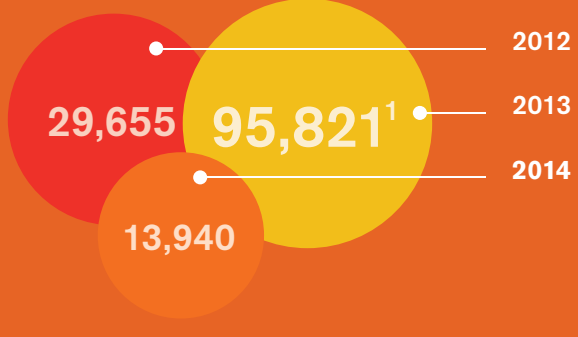


Profit Before Tax[1] (RM'000)
[1]Including assets revaluation surplus

Shareholders' Funds
RM384.52 million

Earnings Per Share
4.20 sen

Net Assets Per Share
RM1.53



Profit After Tax[1] (RM'000)
[1]Including assets revaluation surplus





Encorp New Journey
Encorp Values
Financial Calendar
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MANAGEMENT PERSPECTIVE



MESSAGE FROM THE CHAIRMAN

Dear Valued Shareholder,

2014 was the beginning of a new business transformation for Encorp Berhad. Having come on board as Chairman on 30 June last year, it has been my pleasure to oversee the work the Encorp team embarked upon to lay the grounds for our journey forward.



OVERVIEW

In the Financial Year (FY) ended 31 December 2014, Encorp recorded a revenue of RM330.39 million, an amount which is less than Encorp's FY2013 revenue of RM536.43 million, and FY2012 revenue of RM396.51 million.

FY2014 was a pivotal year for Encorp, as Felda Investment Corporation (FIC) acquired 72.29% of ownership of the company. The majority of our efforts in 2014 concentrated on repositioning Encorp for better performance which will capitalise on its new strengths. Throughout 2014, Encorp's greater focus was in strategising the acquisition of new land banks for future development, and also conducting feasibility studies on future projects we had ideated in order to optimise our Returns On Investment (ROI), with the aim of bringing greater returns for our shareholders in future years.

BUILDING THE FOUNDATIONS FOR ENCORP'S NEW JOURNEY OF GROWTH

Encorp has always been a property development brand synonymous with inspiration, creativity and an unwavering mission to enrich the quality of life of its customers. The commitment is to not just adhere to these high standards, but to push the bar in the innovations of new products and services. Encorp's guiding principles through the years still hold true to us – Quality, Standards, Value and Services (QSVS) will always be at the forefront of all Encorp's products and services we plan to launch in the years to come.

FIC's acquisition of Encorp was based on the strengths Encorp possesses in its property development portfolio. Encorp's exemplary track record in creating innovative property developments, coupled with its strong past performance and capabilities were the core factors which contributed to the acquisition. As an established property development and construction company, Encorp's signature developments has garnered a reputation for innovation and offering a high quality of life to those who work and live on them. External validations are evident of Encorp's sterling reputation – for instance, Encorp Strand Kota Damansara received awards at the internationally renowned Asia Pacific Property Awards in both 2011 and 2014 for Best Mixed-Used Development and Best Retail Architecture (Encorp Strand Mall) respectively.

The Encorp team's mission is to build on the company's strengths to transform it from the mid-sized property development and construction company to a major player, utilising the strength of its resources and capabilities. We plan to remain on track and continue with our performance to bring more value to share-holders and the marketplace in the long term.

In line with this, Encorp spent a considerable part of 2014 in discussions with various parties to explore our potential collaborations for the future. This includes identifying future development and construction projects for our order books. We are excited to move on with the next step of Encorp's transformative journey in 2015, and will be sharing more details with you on the outcomes of our discussions in the near future.

Even as the property market has slowed down due to the effects of the cooling measures put in place in 2013 by the Malaysian central bank, Bank Negara, the implementation of the Goods and Services Tax and other factors, we view this as a challenge for Encorp for come up with even better projects, ones which will differentiate us from the rest of the pack. Our aim is to develop communities which centre on our developments, to ensure that our customers are not just buying a bricks and mortar structure, but one which has a community and lifestyle built around it.

Moving forward, our plan is to provide property developments with inbuilt social infrastructure for a well-balanced, comfortable lifestyle which our customers can enjoy.

In FY2014, Encorp continued with work on existing projects such as Encorp Cahaya Alam in Shah Alam, Encorp Strand in Kota Damansara, Encorp Marina Puteri Harbour in Iskandar, Johor, and The Residences on McCallum Lane in Perth, Australia, all of which form Encorp's portfolio of current projects with a Gross Development Value (GDV) of RM3.2 billion.

Talent acquisition was another key area of focus. Based on our unwavering belief that a company is only as good as the strengths and capabilities of the people who work for it, a number of changes in the board of directors as well as senior management were made in FY2014.

Sustainable business practices form the core of our beliefs, especially a strong corporate code of ethics. With this in mind, we signed on to the Malaysian Corporate Integrity Pledge (CIP) in January 2014. This presented an important step for Encorp in raising the bar on our corporate governance, accountability and transparency culture.

We are confident that the decisions taken in FY2014 will be a firm foundation which will support Encorp's future growth and enhance its value proposition to shareholders and the market place.

FINANCIAL PERFORMANCE

With the corporate restructuring and streamlining exercise undertaken during the year, Encorp managed to deliver a credible financial performance for its shareholders.

Profit After Tax (PAT) for FY2014 stood at RM13.94 million in comparison to RM95.82 million in FY2013 and RM29.65 million in FY2012. As well as that Earnings Per Share was valued at 4.20 sen, while Net Assets Per Share was valued at RM1.53.

DIVIDENDS

In line with Encorp's ongoing commitment to its shareholders to continuously deliver value, the Board of Directors declared total final dividends for FY2013 at 3 sen per share.

ENCORP'S TRANSFORMATION

Encorp's future lies in its transformation from a medium sized company to a key player in the property development industry. Currently one of the properties sector company listed on Bursa Malaysia, Encorp plans to be one of the top companies in the sector within the foreseeable future.

Encorp's immediate to medium term plans revolve around a number of key areas necessary to achieve our long term objectives. Our focus will be to enhance our current land banks and build an order book for a sustainable property and construction business model.

Innovations will be made to our product development process to strengthen it with the aim of continuing to be the market place developer of choice, and improving our efforts in delighting our customers with higher quality products and services to enrich their lives.

To ensure efficient operations, Encorp will prioritise the strengthening of its systems and processes, while building a strong team with clearly defined strategic roles. We will also be reinforcing our corporate and financial structure to ensure we are equipped with the capabilities and skills to undertake larger scale projects and operations in the near future.

AWARDS AND ACCOLADES

Since Encorp was founded in 2000, Encorp has received its share of awards and accolades for its achievements in various areas. In FY2014, Encorp was named the Winner of the Best Investor Relations Company at the 4th Asian Excellence Recognition Awards 2014. Encorp Strand Mall, Encorp's signature mall development in Kota Damansara was the recipient of the 5 Star Best Retail Architecture (Malaysia) at the Asia Pacific Property Awards 2014 – 2015. Encorp was also honoured as the winner of the HR Asia Best Companies to Work for in Asia 2014,



Excellence Employee Development (Gold) award at the Human Resources Excellence Awards Malaysia 2014 and Employer of Choice Award (Silver) at the Malaysia HR Awards 2014.

OUTLOOK AND PROSPECTS

While we foresee that the Malaysian property sector will continue to show a slowdown in demand for 2015, it will remain resilient as its fundamentals are strong. These relate to the expected growth in



population and earning capacity, low unemployment and low non-performing loan rates, all of which are factors which contribute towards sustainable growth of the property market in the medium to long term.

We are optimistic that our product offerings in the land banks we plan to develop will appeal to the market place as viable investment opportunities which feature innovations enhancing the lives of customers. We are confident that the work that we have put into building the foundations for our future journey, will bear the rewards we envision for our shareholders in the future.

APPRECIATION

I wish to take this opportunity to thank all the people at Encorp who have made FY2014 a memorable one by putting in their unstinting efforts, innovative ideas and exemplary hard work into placing the building blocks for our transformative journey. It has been an inspiration to watch them work together and collaborate towards Encorp forward moving momentum in its aspiration to be a key industry player within the foreseeable future.

I wish to express my appreciation to my colleagues on the Board for sharing their ideas on how Encorp's vision and mission can be achieved, and to the Management Team for their diligence in ensuring that no stone was left unturned in planning the restructuring of Encorp for this purpose.

We embark on 2015 with a renewed commitment and sense of purpose on our final destination and I look forward to our continuation of the Encorp legacy of offering products and services which continue to delight the marketplace.

Thank you to all of you.

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

OPERATIONS REVIEW

OVERVIEW

In the Financial Year (FY) 2014, Encorp Berhad achieved a total revenue of RM330.39 million. This resulted in the delivery of revenues of RM101.53 million from concessionaires, RM78.23 million from construction, RM144.30 million from property development, RM4.81 million from investment property and RM1.52 million from other revenue streams. Profit Before Tax (PBT) for FY2014 stood at RM25.30 million in comparison to RM115.93 million in FY2013, and RM47.19 million in FY2012. Profit After Tax (PAT) for FY2014 registered at RM13.94 million in comparison to RM95.82 million in FY2013 and RM29.65 million in FY2012.

In FY2014, Felda Investment Corporation's (FIC) acquired 72.29% of Encorp shares and in June 2014, Encorp welcomed its new Non-Executive Chairman YB Tan Sri Mohd Isa bin Dato' Haji Abdul Samad on board.

Encorp also announced its exciting new journey in FY2014 for the foreseeable future – its transformation from a medium sized property development industry company into one of the Top 10 companies in this area. In line with its new mission of business transformation, an extensive corporate restructuring and streamlining exercise was undertaken to strengthen Encorp's position in the property development and construction sector.

DEVELOPMENT UPDATES

For the year under review, Encorp's focus was on consolidating its current property portfolio as part of its exercise to clean up its balance sheet.

Encorp Cahaya Alam

Encorp Cahaya Alam is a 209 acre low density township development in Section U12, Shah Alam with an 800 metre green spine offering a host of amenities aimed at enriching the lives of its residents.

In FY2014, the development's Lotus 1 semi-detached homes received an 85% Quality Assessment System in Construction (QLASSIC) rating by the Construction Industry Development Board (CIDB). This is an independent validation of Encorp's commitment in delivering products of the highest quality, standards, value and service to the market place.

Construction on a number of parcels within Encorp Cahaya Alam were also completed in 2014. Encorp obtained Certificates of Completion and Compliance (CCC) for 20 units of semi-detached houses in Lotus 1 on 10 February 2014, 58 units of link houses in Frangipani 3 on 10 March 2014, and 36 units of semi-detached houses in Lotus 2 on 24 April 2014.

Encorp also continued with its sales drive for Encorp Cahaya Alam and was able to sell the last remaining units of the total of 36 semi-detached homes in Lotus 3 in 2014. All homes come equipped with Smart Home technology.

Lotus consists of 2- and 3- storey semi-detached homes with an extensive land size. The homes have been designed to be in harmony with nature, offering residents a calm and peaceful retreat away from the city. Residents of the 3-storey Lotus homes are able to enjoy a unique family and recreational space on the second floor which opens out to a large roof top garden with a sky cabana.

The unique 2-storey link homes in Frangipani come with 6 different facades and roof forms within each block of link houses. The architecture has been based on the open living concept within easy reach of nature.

Encorp Strand Kota Damansara

Encorp continued with its work on its signature development in Kota Damansara, Petaling Jaya. Sales efforts were ramped up and more units of the high end Residences at Encorp Strand which feature Smart Home technology were sold. Encorp also sold more units of Encorp Strand Garden Office in FY2014.

Completion of construction works resulted in Encorp obtaining CCCs for 275 units at Encorp Strand Garden Office on 23 January 2014. A Joint Management Body (JMB) Committee was also formed to ensure smooth and efficient management of the office complex for owners and tenants.

Straddling the hub of Encorp Strand Kota Damansara is the one of a kind Encorp Strand Mall (ESM). Encorp received a CCC for ESM on 27 March 2014. Its key tenants were announced to the media in March 2014, in a press conference with YBhg Encik Ramzi Abu Yazid, Director of Shopping Secretariat Malaysia present. ESM's key tenants include TGV Cinemas, Sam's Groceria, CHI Fitness, Yamaha Music School, CHAI Fashion Emporium, Little Gym, JKids and Daiso Japan. ESM's tenant mix was chosen bearing in mind its aim to be the preferred retail and dining hub of the fast growing Kota Damansara neighbourhood.

ESM, which includes Red Carpet Avenue – a 90 feet wide and 800 feet long climate controlled covered alfresco boulevard with Food and Beverage outlets – was introduced to Malaysia through a grand launch on 28 May 2014. There was a lot of excitement which accompanied ESM's launch



which was graced by Deputy Prime Minister of Malaysia YAB Tan Sri Dato' Hj Muhyiddin Hj Mohd Yassin. Themed "Lights….Camera….Action", it was a star-studded event which provided a host of entertainment for attendees. Events lined up for the night included aerial and cirque acts by Cirque du Strand Showcase from Australia, performances from popular songstress Dato' Sheila Majid, singer-songwriter Reshmonu and Suki Low, winner of the popular Malaysian reality singing competition One in a Million. ESM also organised a grand opening live performance by Kim Jong Kook from Korea's famous reality show in conjunction with the official opening of ESM.

Encorp Marina Puteri Harbour

Besides the success from Encorp's fully sold serviced residences on 3.3 acres of premier waterfront property in Puteri Harbour, Iskandar Malaysia, most of the commercial and retail units in the development were also snapped up by buyers. This promises a vibrant commercial culture for residents of the luxury development styled as "360 degrees of perfection" with Smart Home features.

Encorp Marina Puteri Harbour has also been built with a number of green building features, in line with the company's mission to construct sustainable developments which strengthen the environmental agenda and minimise energy usage. Green architectural features include the strategic orientation of the towers to create natural cross ventilation using prevailing winds to make best use of the sun while keeping public areas breezy. Tinted glass windows were designed to maximise natural lighting and minimise solar radiation.

There are rainwater harvesting takings to reduce water consumption and provide a ready water supply for watering the landscape. As well as that, within each apartment, dual flush water closets have been installed to reduce water consumption. The entire development has been painted with a low volatile organic compound paint which is both eco and health friendly.

We are confident that the residents of the complex will enjoy the sustainable living these green building features offer.

The Residences on McCallum Lane, Perth, Australia

A total of 28 units of Encorp's 2 block, 4 storey international development was issued Certificate of Title in FY2014. The development, strategically located in the south-eastern suburb of Victoria Park, is Encorp's first international property development. Featuring views of the Perth city skyline overlooking the Swan River, the project has turned out to be a success for Encorp.

CONSTRUCTION

The Encorp construction arm, Encorp Construct Sdn Bhd, is a contractor recognised for delivery of high quality developments, built according to the highest standards. It is recognised as a Bumiputra Contractor Class A under Contractor Service Centre (PKK), along with certifications by the National Institute of Occupational Safety & Health Certification Sdn Bhd (NIOSH) and a Grade G7 and 4 star status with the Construction Industry Development Board.

In FY2014, the Encorp team continued with its work on construction projects which began in 2013 with a view of completion by 2015. These include Mansion Park Cyberjaya, a RM42.7 million project located in Cyber Heights Villa, Cyberjaya. It comprises 72 units of 3-storey super link villas, guard house and an administrative office; The Manhattan Residence, a RM69.9 million project in Kuala Lumpur city centre of 129 units of 30-storey serviced apartments; Central Business District (CBD) Perdana 3, a RM114.0 million project in Cyberjaya's central business district comprising office suites, retail lots, car-park podium, small office home office (SOHO) and commercial spaces; and Kuala Terengganu City Council, a RM87.8 million project comprising administrative complex building and other facilities. The contract to build apartments in Ara Damansara was terminated in FY2014, however, this did not have a material impact on Encorp's operational and financial position.

ENABLING ENCORP'S TRANSFORMATION

For FY2014, Encorp invested a large portion of its efforts in a corporate restructuring exercise aimed at enabling its transformative journey forward.

Encorp established a number of new departments and divisions into the company structure for greater coverage of business processes and strategies. Encorp also implanted a new system for checks and balances to ensure greater inter-departmental cooperation and alignment in completing tasks.

Encorp welcomed a new experienced team, hailing from different backgrounds, with the goal of utilising their skills and capabilities to push the company on to its next level of expansion and growth. This included 7 members of the Board of Directors, 2 Group Directors and senior management in the positions of Head of Property, Head of Mall and Head of Procurement & Contract Administration.

With its new direction and fresh perspective from new team members, Encorp is confident of gaining greater market share in the property development and construction industry.

LOOKING AHEAD TO 2015

Encorp's future prospects are extremely promising, with works in 2015 focusing on 2 main areas – development of existing land banks and identifying future land banks earmarked for development.

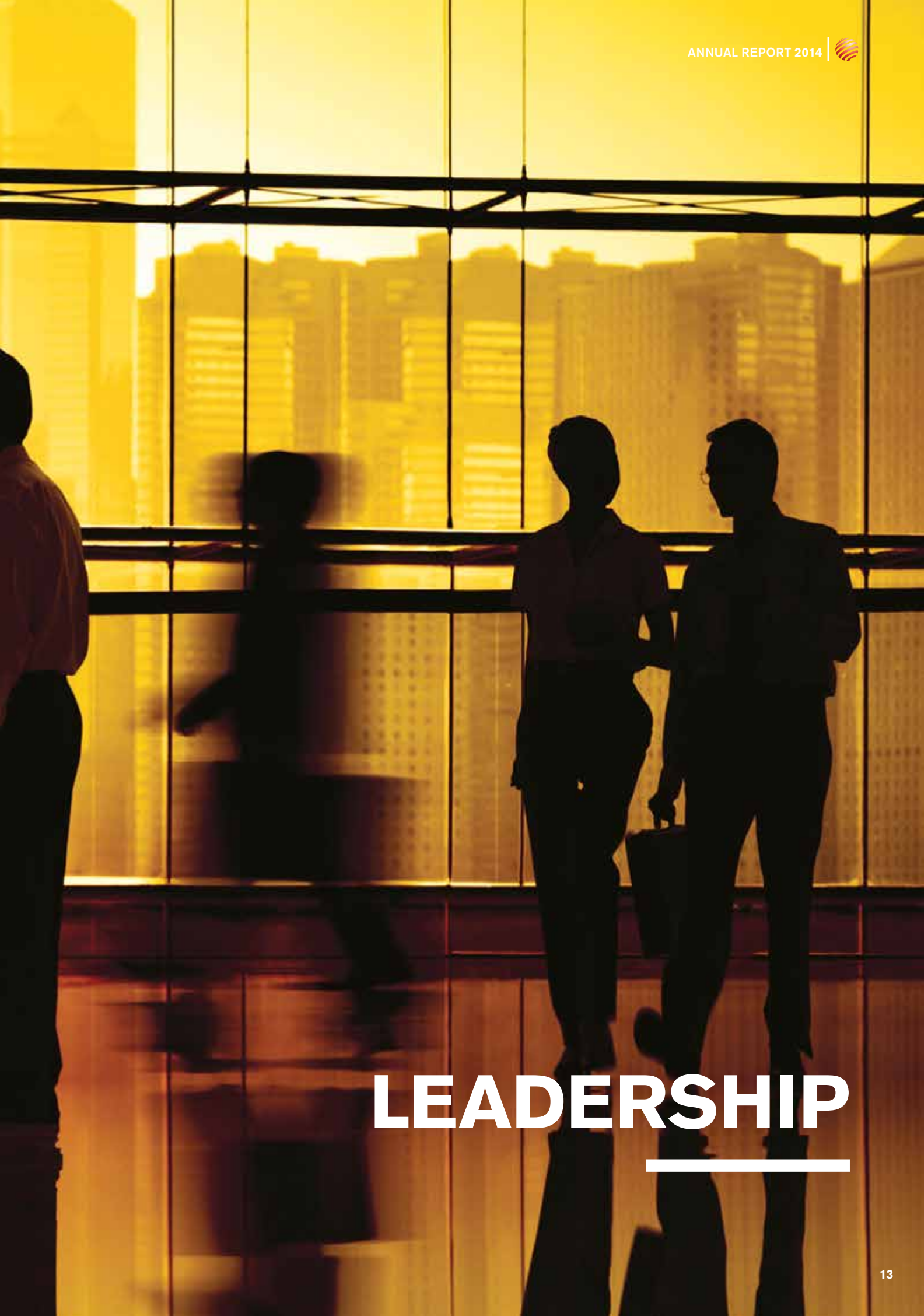
For Encorp's existing land banks, the short to medium term plan is to launch the remaining phases of Encorp Cahaya Alam in Shah Alam, which has an estimated Gross Development Value of RM700 million, throughout 2015 till 2017. The first of these is Akasia, which comprises 2- and 3-storey superlink homes with a built up area of more than 2,700 square feet, to be launched in 2015.

The combination of Encorp's assets and resources with the Encorp team's skills and capabilities in property development and construction make for a powerful vehicle which will result in an exponential increase in value for shareholders in years to come. With Encorp's track record of the development of Encorp Cahaya Alam, it is clear that Encorp has the skills and capacities to deliver on this at various land banks throughout Malaysia.

Encorp will continue to deliver on all current and future development projects with the highest standards of quality, standards, value and services it has become synonymous with. Encorp's mission is to continue to delight the marketplace with inspirational and creative products, aimed at enriching the quality of life of its customers.


Encorp Cahaya Alam





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 65) 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.



YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid

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

Datuk Noor Ehsanuddin (Malaysian, aged 51) 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 then joined Behnmas (M) Sdn Bhd as Director in 1990 until 2005. He was then 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 the Federal Land Development Authority ("FELDA"), Felda Global Ventures Holdings Berhad, MSM Malaysia Holdings 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 Investment Committee

Datuk Haji Jaafar (Malaysian, aged 68) 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 Master 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' Haji Zakaria bin Nordin

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

Dato' Haji Zakaria (Malaysian, aged 57) 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. Currently, Dato' Haji Zakaria is a businessman.

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 Dato' Feroz bin A S Moidunny

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

Dato' Feroz (Malaysian, 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 20 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

Abdul Rahim (Malaysian, aged 64) 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.



Mohd Zaid bin Abdul Jalil

Non-Independent Executive Director

Mohd Zaid (Malaysian, aged 43) was appointed to the Board of Encorp Berhad on 30 June 2014 and he was re-designated as Executive Director on 25 August 2014.

Mohd Zaid holds a Bachelor of Arts (Hons) in Accounting and Finance from Leeds Metropolitan University. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Mohd Zaid is currently the Chief Executive Officer of Felda Investment Corporation Sdn Bhd ("FIC"). He has extensive experience in strategic financial and management planning, corporate restructuring, investment evaluation and analysis.

Mohd Zaid started his career with Arthur Andersen & Co in 1994 and later moved to ZIL Corporation Sdn Bhd as Manager of Corporate Services in 2001. He was then appointed as the Financial Controller at Kulim Technology Park Corporation Berhad in 2002. Subsequently, he moved to the Federal Land Consolidation and Rehabilitation Authority ("FELCRA") as the Vice President for Finance and was later promoted to the post of Senior Vice President for Finance. In 2007, he moved to Prokhas Sdn Bhd as Head of Business Development before joining Jambatan Kedua Sdn Bhd as Chief Financial Officer in 2009. Prior to joining the Federal Land Development Authority ("FELDA") as the Deputy Director General for Corporate Services in January 2013 and being subsequently appointed as the Chief Executive Officer of FIC, he served as the Chief Executive Officer of Sinergi Perdana Sdn Bhd, a consortium formed by FELDA, FELCRA and the Rubber Industry Smallholders Development Authority.

Mohd Zaid 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.

1 **Wan Azman bin Wan Abbas**
_ Group Director, Corporate Services

2 **Roslee bin Ismail**
_ Group Director, Operations

3 **Mohd Nasri bin Mohamad Nor**
_ Head of Property

4 **Datin Hjh Sabrina Laila binti Hashim**
_ Head of Mall / Corporate Affairs & Investor Relations

5 **Azahari bin Shaharani**
_ Head of Procurement & Contract Aministration

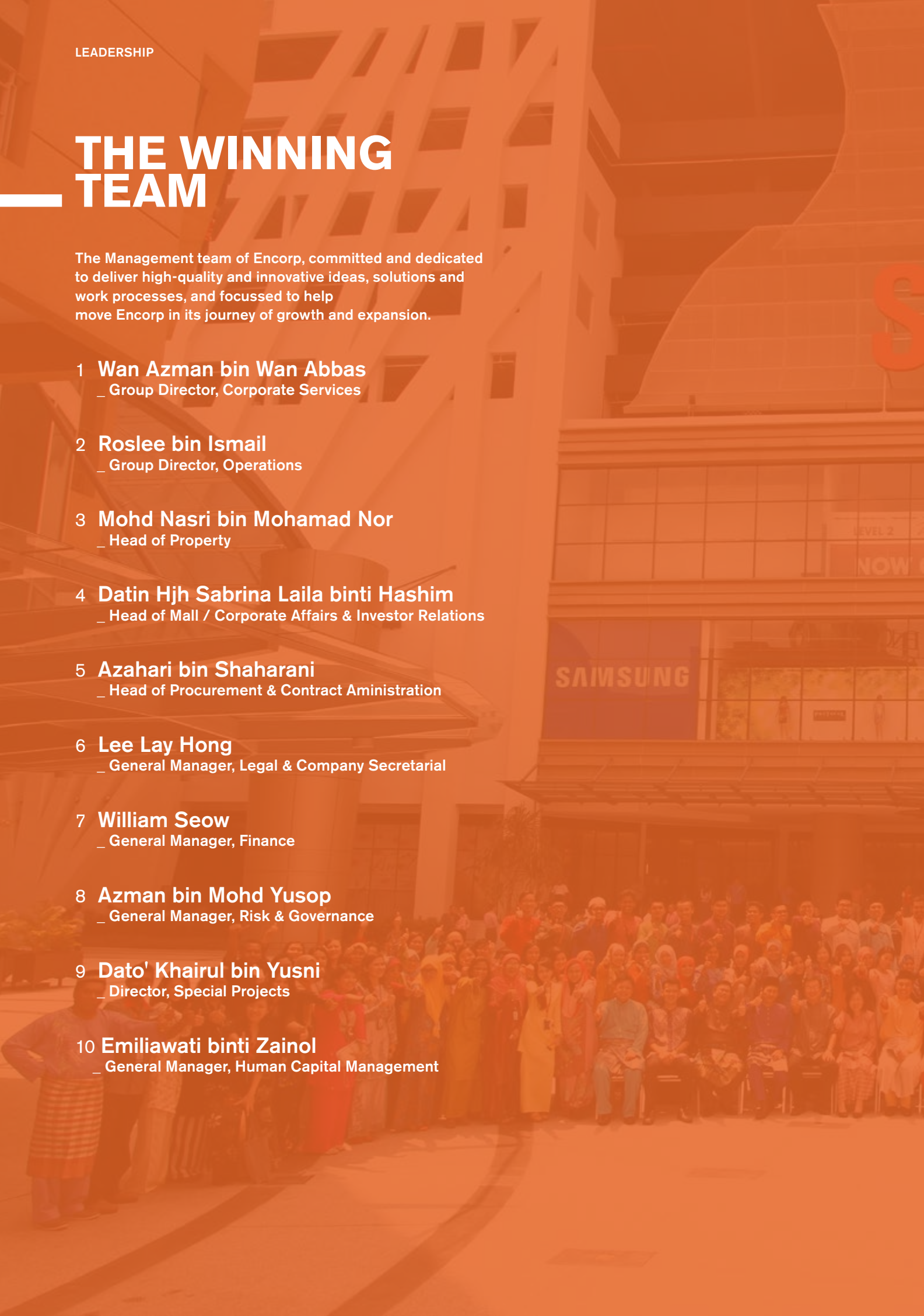
6 **Lee Lay Hong**
_ General Manager, Legal & Company Secretarial

7 **William Seow**
_ General Manager, Finance

8 **Azman bin Mohd Yusop**
_ General Manager, Risk & Governance

9 **Dato' Khairul bin Yusni**
_ Director, Special Projects

10 **Emiliawati binti Zainol**
_ General Manager, Human Capital Management





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CORPORATE REPORT

CORPORATE PROFILE

Founded on 2 March 2000, Encorp Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003.

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

Through the years, Encorp and its 16 subsidiaries have increased its footprint in the property development and construction industry both in Malaysia and Australia. Its property portfolio includes award winning commercial and residential developments which have earned accolades from international bodies. Encorp's signature properties include 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 2014 and the 1st Asian Company Secretary of the Year Awards 2014 as one of the outstanding Asian companies in this area. The human resource management has 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 and its developments are 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 wholly-owned construction subsidiary Encorp Construct Sdn Bhd is a certified Contractor Class A under Contractor Service Centre (PKK), OSHMS MS 1722:2011:2005, OHSAS 18001:2007 and EMS ISO 14001:200 by the National Institute of Occupational Safety and Health Certification Sdn Bhd (NIOSH) for its environmental management system standards. It also has a Grade G7 and 4-Star status with the Construction Industry Development Board (CIDB).

Encorp's subsidiary Encorp Must Sdn Bhd and Must Ehsan Development Sdn Bhd has a ISO 9001:2008 certification, while another subsidiary Encorp Construct Sdn Bhd upgraded its certification from ISO 9001:2000 to ISO 9001:2008, reflecting Encorp's commitment to providing the highest quality, standards, value and services in all its developments.

Encorp's roadmap for the future lies in expanding its presence both locally and abroad, by utilising an innovative approach towards providing holistic developments for communities.





CORPORATE INFORMATION



Board of Directors

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

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

Abdul Rahim bin Abdul Hamid
Independent Non-Executive Director

Mohd Zaid bin Abdul Jalil
Non-Independent 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
Member

Dato' Haji Zakaria bin Nordin
Member

Investment Committee

YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid
Chairman

Datuk Haji Jaafar bin Abu Bakar
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: enquiry@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

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
AmBank (M) Berhad
CIMB Bank Berhad

Auditors

Ernst & Young *(AF: 0039)*

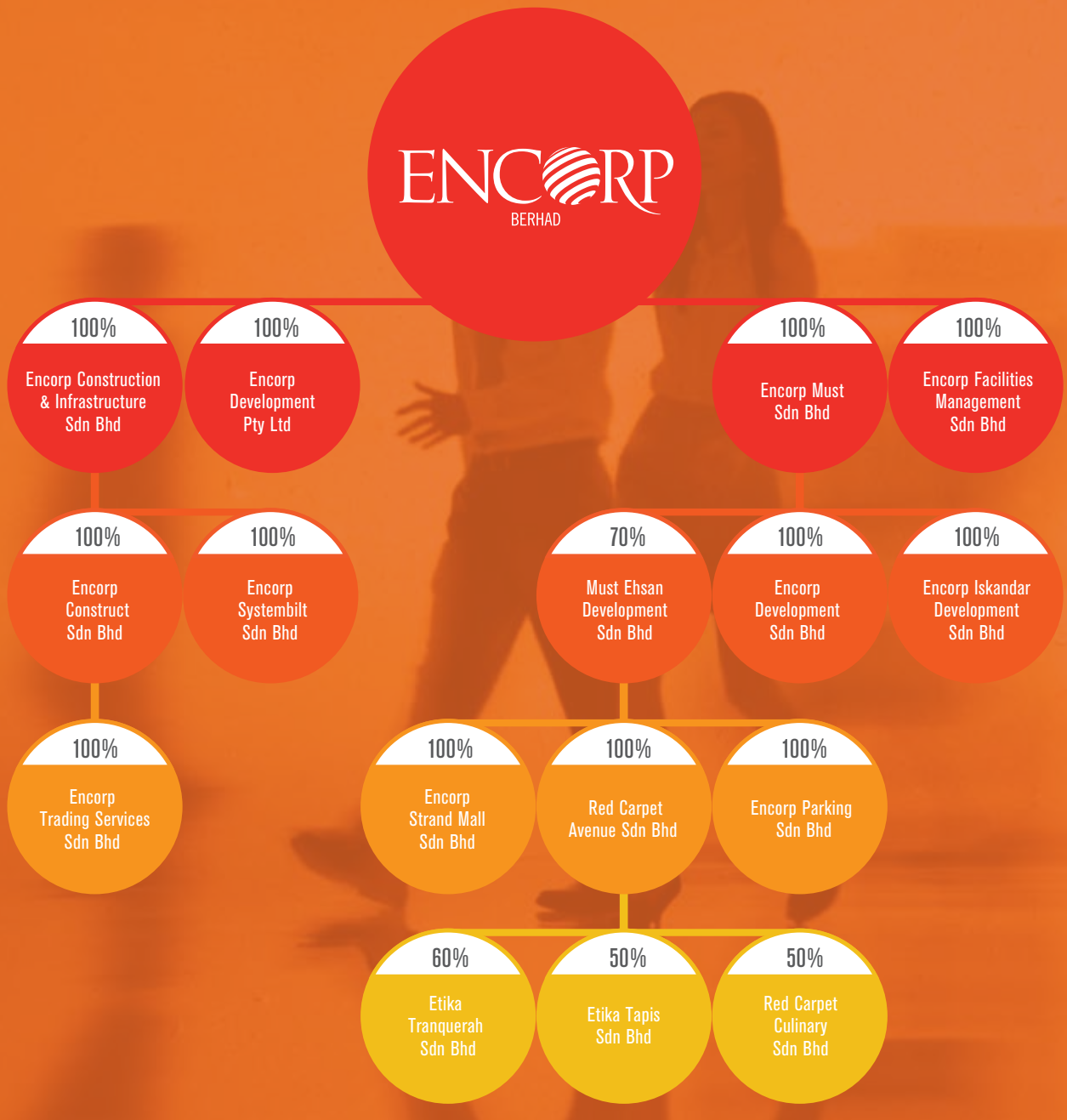
Solicitors

Zul Rafique & partners
Tan Swee Im, P.Y. Hoh & Tai

Stock Exchange Listing

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

CORPORATE STRUCTURE



Subsidiary Company	Percentage (%)	Principal Activity	Place of Incorporation
Encorp Must Sdn Bhd	100	Investment Holding and Property Project Management	Malaysia
Must Ehsan Development Sdn Bhd	70	Property Development	Malaysia
Encorp Strand Mall Sdn Bhd	100	Property Investment	Malaysia
Encorp Parking Sdn Bhd	100	Property Investment	Malaysia
Red Carpet Avenue Sdn Bhd	100	Investment Holding	Malaysia
Etika Tranquerah Sdn Bhd	60	Food & Beverage	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 Construct Sdn Bhd	100	Property Construction	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 Service Provider	Malaysia





IN FOCUS

2014 HIGHLIGHTS



Grand Launch of Encorp Strand Mall

13 January

ENCORP SIGNS CORPORATE INTEGRITY PLEDGE

Encorp took an important step to raise its strong corporate governance, accountability and transparency culture up another notch by signing the Malaysian Corporate Integrity Pledge (CIP). The signing ceremony was witnessed by Malaysian Anti-Corruption Commission Chief Commissioner, YBhg Tan Sri Haji Abu Kassim Mohammed.

25 March

UNVEILING OF ENCORP STRAND MALL'S ANCHOR TENANTS

Encorp Strand Mall unveils its anchor tenants over a press conference attended by members of the media and special guest, YBhg Encik Ramzi Abu Yazid, Director of Shopping Secretariat Malaysia.

10 April

ENCORP ANNOUNCED WINNER AT FOURTH ASIAN EXCELLENT RECOGNITION AWARDS

Encorp was announced winner in the Fourth Asian Excellent Recognition Awards 2014 organised by Corporate Governance Asia under the categories of Asia's Best CEO's (Investor Relations) which went to Encorp's Group Chief Executive Officer and the Best Investor Relations by company (Malaysia).

15 April

CERTIFICATE OF ACHIEVEMENT – AWARDED QLASSIC RATING BY CIDB

Encorp Cahaya Alam's Lotus 1 received an 85% Quality Assessment System in Construction (QLASSIC) rating by the Construction Industry Development Board Malaysia (CIDB).

28 April

DIVIDEND DECLARED

Encorp declared a single-tier final dividend of 3 sen per ordinary share the financial year ended 31 December 2013 to all shareholders.

08 May

DONATION FOR CHARITABLE CAUSES

Encorp contributed RM5,000 to GLAM Magazine 10th Anniversary fundraising where the proceedings went to Yayasan Amal Wangsa, WOMEN : Girls and CAD Enhancement Centre.

09 May

ENCORP ANNOUNCED WINNER OF ASIA PACIFIC PROPERTY AWARDS 2014

Encorp Strand Mall by Encorp was announced winner of the 5-Star Best Retail Architecture (Malaysia) at the Asia Pacific Property Awards 2014.

21 May

ENCORP ANNOUNCES 1ST QUARTER 2014 RESULTS

Encorp recorded its first quarter of 2014 results with a Profit Before Tax of RM15.5 million.

28 May

GRAND LAUNCH OF ENCORP STRAND MALL
With a star-studded movie theme "Lights…Camera…Action", Encorp Strand Mall was graced by Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Hj Muhyiddin Hj Mohd Yassin.

30 May

CHANGE OF THE SUBSTANTIAL OWNERSHIP OF ENCORP
Felda Investment Corporation Sdn Bhd (FIC) acquired majority of Encorp shares, 49.45%, from its two major shareholders, Lavista Sdn Bhd and Pegang Impian Holdings Sdn Bhd.

07 June

ENCORP KPOP CRAZE
In conjunction with the official opening of Encorp Strand Mall, Encorp Strand Mall organised a grand opening live performance by Kim Jong Kook from Korea's famous reality show Running Man with medias, fans and shoppers of Encorp Strand Mall.

22 June

SPONSORSHIP TO ENCORP CAHAYA ALAM RESIDENCE ASSOCIATION KARNIVAL KEJIRANAN
Encorp contributed RM3,100 to support Encorp Cahaya Alam Residence Association Karnival Kejiranan in efforts to promote healthy lifestyle and to sustain a caring community.

25 June

14TH ANNUAL GENERAL MEETING
Encorp held its 14th Annual General Meeting at Pullman Kuching Hotel, Sarawak. All resolutions (except for No. 5 & No. 6) were duly approved by Shareholders of the Company.

30 June

ENCORP WELCOMES YB TAN SRI MOHD ISA BIN DATO' HJ ABDUL SAMAD AS CHAIRMAN
Encorp welcomed its newly appointed Non-Executive Chairman, YB Tan Sri Mohd Isa bin Dato' Hj Abdul Samad into the Encorp family. Encorp also welcomed its new Board Members.

10 July

FELDA INVESTMENT CORPORATION MANDATORY TAKE-OVER OFFER TO ACQUIRE ENCORP BERHAD
Felda Investment Corporation (FIC) obtained 72.29% of the extended mandatory take-over offer to acquire all the remaining voting shares, warrants and redeemable convertible secured loan stocks (RCSLS) of Encorp not already held by FIC.

16 July

ENCORP STRAND GARDEN OFFICE JOINT MANAGEMENT BODY MEETING
Encorp Strand Garden Office hosted its first Joint Management Body (JMB) Meeting which witnessed the election of a new JMB committee.

11 August

ENCORP'S NEW GROWTH JOURNEY
Following the acquisition by Felda Investment Corporation, Encorp announced its brand new exciting journey during their Aidilfitri Celebration with the new Chairman, YB Tan Sri Mohd Isa bin Dato' Hj Abdul Samad. The new journey is an enhancement to the previous Encorp mission which includes strengthening the position of Encorp in the property development.

20 August

ENCORP JOINS THE RANK OF THE BEST COMPANIES TO WORK FOR BY HR ASIA
Encorp Berhad was selected as one of the employers of choice by the prestigious HR Asia Best Companies To Work for in 2014 Awards.

24 August

ENCORP'S FIRST SHOWCASE WITH FELDA
Encorp took part on its first showcase "Sambutan Hari Peneroka Felda" held at Jasin, Melaka.

25 August

ENCORP ANNOUNCES 2ND QUARTER 2014 RESULTS
Encorp recorded its second quarter of 2014 results with a Profit Before Tax of RM6.6 million.

01 September

CONTRIBUTION TO TAN SRI MUHYIDDIN CHARITY GOLF FOUNDATION FOR NETBALL MALAYSIA
Encorp contributed RM5,000 by way of a Charity Golf Tournament to support Malaysia's National Netball Team in preparation for World Netball Championship 2015 in Sydney, Australia.

20 September

ENCORP SUPPORTS RELAY FOR LIFE 2014
For the sixth year, Encorp continued to support Relay For Life 2014 organised by National Cancer Society by sending three relay teams. The relay was held at Padang MBPJ, Petaling Jaya.



Encorp's New Growth Journey



Encorp's Annual Dinner

06 October

ENCORP CAHAYA ALAM QURBAN
Encorp organised a Qurban activity for the Encorp Cahaya Alam community, an engagement programme held at its new surau located within the township. The Qurban meat was distributed to Ikram Shah Alam, Anak Yatim Darul Pekima and residences of the township itself.

28 October

ENCORP FLIES TO MIDDLE EAST
Encorp Berhad took part in a 3-day roadshow for the 10th World Islamic Economic Forum which was held at Madinat Jumeirah Conference Centre, Dubai, United Arab Emirates.

29 October

ENCORP ANNOUNCED WINNER AT HR EXCELLENCE AWARDS MALAYSIA 2014
Encorp was announced Gold winner of Excellence Employee Development at the Human Resources Excellence Awards Malaysia 2014.

01 November

DONATION TO STOP HUNGER NOW CHARITABLE ASSOCIATION
For the second year, Encorp participated in the Stop for Hunger initiative by donating 15,000 packets of meals worth RM15,000 to the Stop Hunger Now Charitable Association. The packed meal was then handed over to Insaf Malaysia Technical Relief. The activity was participated by more than 50 volunteers comprises of staff and their family members held at Encorp Strand Mall.

20 November

ENCORP ANNOUNCED WINNER AT MALAYSIA HR AWARDS 2014
Encorp was announced winner during the Malaysia HR Awards 2014 under the category of Employer of Choice Award (Silver).

23 November

SPONSORSHIP TO TAN SRI ISA TROPHY GOLF TOURNAMENT
Encorp contributed RM5,000 towards the Tan Sri Isa Trophy Golf Tournament which was held at A'Famosa Resort, Melaka.

26 November

ENCORP ANNOUNCES 3RD QUARTER 2014 RESULTS
Encorp recorded its third quarter of 2014 results with a Profit Before Tax of -RM10.0 million.

05 December

ENCORP'S ANNUAL DINNER
An Encorp Annual Dinner for staff, themed Aneka Ragam: P. Ramlee Meets Saloma and organised by dedicated employees appointed as ambassadors named ENvoice.

CORPORATE SOCIAL RESPONSIBILITY



Encorp Berhad holds to the belief that to remain a sustainable business, we need to have socially accountable growth. Thus, our Corporate Social Responsibility (CSR) programme considers all areas of the current and future impact of business operations on the environment, our employees, local communities and society in general. Encorp's CSR ethos is about creating a positive impact on society, including and going beyond philanthropy and corporate governance. In the Financial Year (FY) 2014, we conducted a number of CSR exercises bearing this in mind.

GROWING WITH THE ENVIRONMENT

At Encorp, our commitment to sustainable business practices requires us to consider the impact of our property development projects on the environment. Our environmental agenda involves building architecturally designed green features which provide a safe and resource-efficient development which people can live and work in. As well as that, we also consider the impacts upon the surrounding communities and bearing this in mind, all our developments have been planned, designed and built to minimise its negative impact on the surrounding eco-system.

In FY2014, Encorp continued with its green policies in the continued development of its property portfolio. Among the ways we have endeavoured to do this are:

- The strategic orientation of buildings to create natural cross ventilation.
- Utilising tinted glass windows to maximise natural lighting and minimise solar radiation.
- Harvesting rainwater to reduce water consumption and provide a ready water supply for watering the landscape of Encorp's developments.
- Using low volatile organic compound paints which are eco and health friendly.
- Practicing sustainable water usage through water saving policies such as managing all water leakages on our projects.
- Conducting regular checks to ensure that the building

equipment meets the requisite emission standards.
- Reducing sound pollution by monitoring the decibel levels at construction sites.

GROWING WITH OUR COMMUNITY

In FY2014, Encorp continued its ongoing work to support the growth of different demographics in society through various charitable donations.

Growth of the Community

- Contributing RM5,000 to GLAM Magazine 10th Anniversary fundraising where the proceedings went to Yayasan Amal Wangsa, WOMEN : Girls and CAD Enhancement Centre.
- Contributing RM3,100 to support Encorp Cahaya Alam's Residence Association *Karnival Kejiranan* as part of their effort to promote healthy lifestyle and sustain a caring community.
- Participating in National Cancer Society Malaysia's (NCSM) Relay for Life for the 6th consecutive year by sending 30 volunteers to take part in this initiative to show our support towards a world without cancer.
- Donating 15,000 packed meals worth RM15,000 to Insaf Malaysia Technical Relief through Stop Hunger Now Charitable Association. A total of 50 volunteers, of which 95% were Encorp employees, took part in the meal packaging programme.

Growth of Sports

- Contributing RM5,000 to support Malaysia's National Netball team to prepare for the World Netball Championship 2015 in Sydney, Australia.
- Contributing RM5,000 for the Tan Sri Isa Trophy Golf Tournament held at A'Famosa Resort, Melaka.

GROWING WITH THE MARKET PLACE

In Encorp's CSR approach with the marketplace, our primary goal is about doing the right thing. Our focus is on the societal impact of our core products and services, and our commitment to practicing the highest standards of corporate governance and ethical business and trading.

Thus in FY2014, Encorp signed on to the Malaysian Corporate Integrity Pledge (CIP) to raise its strong corporate governance, accountability and transparency culture up a notch.

As well as that, Encorp also set up a Procurement and Contracts Division within the company to manage all activities associated with contract management such as the confirmation of need, contract administration and review of contract performance. We are confident this move will result in not just a higher standard of ethical business practices, but also reduce operational costs and improve our financial and operational performance in the long term.

GROWING WITH THE WORK PLACE

At Encorp, we believe that CSR is a means to engage with our employees - essentially, engaged employees are happier and more productive. Throughout FY2014, Encorp developed a number of different activities and programmes to maintain our high employee engagement levels. Our achievements and works in this area are as follows.

External validations

a. Top 40 Best Companies To Work for in Asia – HR Asia Awards 2014
   - HR Asia, Asia's most authoritative publication for Human Resource (HR), selected Encorp as one of HR Asia Best Companies to Work for in Asia Awards 2014. This prestigious award handpicks world class corporations with high levels of employee engagement and excellent workplace cultures.

b. Human Resources Excellence Awards 2014
   - Human Resources, Asia's most read and respected resource for HR news and intelligence, annually honours and awards organisations and HR professionals for the outstanding work they have done. Encorp walked away with the following awards for its outstanding HR performance:
     - Excellence in Employee Development (Gold Winner); and
     - Excellence in Employee Engagement (Finalist).

c. Malaysia HR awards 2014 (Employer of Choice – Silver Award)
   - The Malaysia HR Awards is an annual event organised since 1999, by Malaysian Institute of Human Resource Management (MIHRM) in partnership with JobStreet.com which is strongly supported and endorsed by the human resource community. For four consecutive year, Encorp was announced winner during the Malaysia HR Awards. Succeeding under the category of Employer of Choice (Bronze) for 2011, 2012 and 2013, and in 2014 accomplished Employer of Choice (Silver).

Our Employees

We are an equal opportunity employer and strive to be an employer of choice. The value of building relationships, being ethical, lifelong learning and rewarding success is important in the way we manage our employees. To date, Encorp's workforce totals 216 employees.



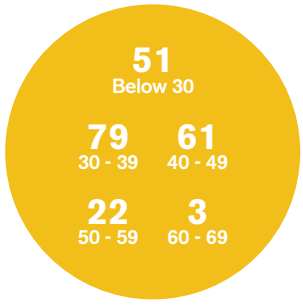
Female Employees



Male Employees



Employees by Race



Employees by Age

Human Capital Development

At Encorp, we believe the diversity of our workforce has resulted in cross functional capabilities which further enhance the strength of our team. We offer all segments of our workforce equal opportunities and benefits. In the development of our workforce, we have ensured the following:

1. The health and safety of our employees are high on our list of priorities and Encorp added new Standard Operating Procedures (SOP) and revised old SOPs for this purpose. We also invested in training our staff on how to write a standardised SOP format.

2. Encorp formulated a Training Development and Delivery plan designed with building capacities within our work force for Encorp's new journey. In FY2014, an analysis of Encorp team's core skills were conducted and aligned according to their performance with functional priorities and desired organisational outcomes. Among the outcomes in this area are:

   a. Revising the Orientation Programme to be 2 ½ days for new employees on board with the following elements:

   - Mission, Vision , Values, Corporate Competencies and Employees Handbook briefing;
   - Enhancing Your Professional Image for Success; and
   - Customer Service Through the 3Rs (Right Language, Right Etiquette and Right Self Esteem).

   b. Introduced Encorp's Managerial Training Programme to enhance their managerial skills by implementing strategic change through effective workforce empowerment and motivation.

   c. The Business English programme with Certification from University of Cambridge (Bulats) was introduced to staff members to enhance their language skills and assist with their job progression. It is now also compulsory for new Encorp recruits to take placement test through the Encorp Learning Via Information System (ELVIS).

   d. Repackaged informal opportunities for employees to learn at work by introducing monthly themed lunch talks to convey work information, general knowledge and work life balance such as;

   - Health Awareness: Stress Management, Mental Motivation & Heart Under Attack.
   - General topic: Fire Safety Briefing, Colour Your Face Right & Get to know your Kid.
   - Financial issues: Financial Investment, Private Retirement Scheme (PRS) & Amanah Saham Bumiputera (ASB).
   - Employment issues: Filling your taxes (LHDN), Emplyees' Provident Fund (EPF) & Social Security Organisation (SOSCO).
   - Personal/spiritual topic: Ramadan Learning Series, Plan Your Hajj & Umrah with Etiqa Mabrur.

   e. Upgraded the Encorp Learning Via Information System (ELVIS), an interactive internet project based learning programme which acts as an additional development platform for employees to keep up with innovations. Among the programmes available are:

   - Up Skilling at Lunch – English Classes conducted online daily and in a class environment once a week
   - Microsoft Application – Excel, PowerPoint, Word, Outlook and Project Manager
   - New Employee Orientation Programme
   - Motivation Learning Series – Robin Sharma

Work-life Balance / Employee Engagement

Throughout FY2014, we also built the Encorp team spirit amongst our employees by undertaking a number of different activities and celebrations for them to enjoy. These included the following:

- Introduced a variety of Encorp Fitness centre activies to enhance participation among our staff:
  - Weekly Yoga, Zumba and Personal Training session in the Encorp gym which operates 5 days a week.
  - Fitness Celebrations at the workplace such as:
    - Gym Open Day;
    - Father's Day;
    - International Women's Day where we conducted Body Mass Index tests and distributed vouchers; and
    - One day special activities such as Aero Dance and Gym Equipment Demonstrations.
- Organised a weekly Badminton Club staff where

Encorp organised and participated in a number of friendly matches. Most notably, the Encorp team was the Champion team in PPK (Malaysia Shopping Malls Association) 2014 Badminton Tournament beating 9 other shopping malls.
- Organised a weekly Futsal Club with teams from MK Land, Aeon Bandar Sunway, Felda Investment Corporation.
- Held the Ka-rao-Ke 6: 01, a monthly affair for staff to have fun after office hours.
- Morning hike at Broga Hill.
- Participated in a number of events through Encorp Fun Run such as #mymercyrun, Blood Donors Fun Run and 'Hear For U' Charity Run.
- Initiated celebration days at work such as Malaysia day, Christmas Celebrations and many more.
- Distribution of ang pao and goodies during festivities such as Chinese New Year and Hari Raya Aidilfiltri.
- Organised a Disney themed annual bowling tournament.
- Townhall and Buka Puasa with employees and the new Management team.
- Hari Raya Open House and celebration of Encorp New Journey with new Chairman.
- Annual Dinner themed "Aneka Ragam: P Ramlee Meets Saloma".
- Movie treat for Encorp employees and their family members at Encorp Strand Mall's TGV Cinemas.
- Celebrated Earth Day by encouraging employees to be in green attire in the office for the day.
- Launched Encorp Discovery on Facebook, a Social Media platform for employees to keep up to date on upcoming staff engagement events.

Employee Compensation and Benefits

Encorp's compensation and benefits scheme for FY2014 were as follows:

- Approved interest free personal loans to all Muslim staff who intend to perform their Umrah.
- Increased Sales Commission and Overriding Commission
  - The Overriding Commission structure was created as a balance between maintaining profitability for the company as well as creating incentives to motivate the Encorp sales team. The initiative has inspired the Encorp sales team to motivate our agents to generate more sales while sustaining sufficient profit for the company.
  - Attractive Sales Commission pay-out to individual employees. This maintained the balance between rewarding the individual employee, the entire sales and marketing team and also other members of the organisation.

Recruitment

Encorp implemented the Recruitment Module in Human Resource Integrated System (HRIS) where candidates apply directly to HRIS system. Recruitment executives have been liaising with Job portals, such as Jobstreet and Jobsentral, to utilise HRIS as a recruitment platform.

Administration & Technology

Encorp upgraded a number of administrative and technological functions and capacities in order to keep abreast of current developments. These were as follows:

- Business Process Management System (BPMS), a systematic approach to continuously improve HR effectiveness and efficiency by implementing e-Stationery Requisition Form, e-Umrah Personal Loan and e-access card applications.
- The Records & Information Management System (RIMS) was introduced to manage records using a well-structured record-keeping approach and records management system. Thus, we are able to find the following information easily and comprehensively:
  - Housekeeping records;
  - Utilisation of the fingertips System to scan the documents immediately;
  - Implementing a proper filing system with classification, indexing and sorting; and
  - Archiving documents to optimise the valuable square footage for operational items.

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 FY2014 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, website updates, briefings and presentations.

ENCORP IN THE NEWS


StarBiz
Business Inspires Business
Property remains an attractive investment for many people and Malaysia still offers a good place for property buyers from all over the world due to its competitive pricing
FREE 48GB yes
Felda buys into Encorp
Investment arm acquires 49.45% stake in RM2


STREETS YOUR EVENT
ENCORP LAUNCHES LOGO AT OPEN HOUSE


THE EDGE
Encorp's net profit surg

B2 | BUSINESS TIMES
NEWS
Encorp eyes big leagues
TOP 30 GOAL: Property firm sets out strategic plan, to develop more landbank
CHERYL YVONNE ACHU
PETALING JAYA
cheryl@bt.com.my
ENCORP Bhd, which is being taken over by Felda Investment Corp (FIC), will develop more of its landbank in a bid to be among the top 30 property developers in 10 to 15 years.
"We have other areas in mind but we have not decided which to develop. Felda and its partners have a lot of land but it is still a new venture," said Federal Land Development Authority (Felda) and Kemayan chairman Tan Sri Mohd Isa Ismail.
FIC is the business arm of Felda, which has landbank in Malacca and Kuala Lumpur and has identified new areas in Johor.
"Felda, which has 11 provinces, doesn't have a proper township and we plan to set up new townships. If we set up a township in each province, it will be good for the people. We have 112 villages with land," said Isa at Encorp's Hari Raya Aidilfitri open house here, yesterday.
Encorp, a mid-sized property firm, is also involved in construction.
Its chief executive officer Mohd Ibrahim Mansalim said Encorp has several projects in hand with a combined gross development value (GDV) of about RM4.4 billion.
Performance of the construction sector


Felda and Encorp Bhd chairman Tan Sri Mohd Isa Ismail (left) officiating at Encorp's Hari Raya Aidilfitri open house in Petaling Jaya yesterday. With him is Encorp managing director Datuk Ibrahim Mansalim.


Encorp Strand Mall, the new icon of Kota Damansara
Set to take centre stage with its promises of being a suburban mall with a difference, Encorp Berhad presents its newest venture into retail development.
Quick facts
Centre of attraction
Safety and services
Entertainment for all


TUESDAY, JUNE 13, 2006 NEW STRAITS TIMES PAGE 3
STREETS YOUR NEWS
No running away, man
IN FULL FORCE: Fans of Korean artiste Kim Jong Kook turn up to watch his concert at the new Encorp Strand mall
KIM Jong Kook performing June with some of his fans at the Encorp Strand mall.

joins the ranks of Asia's best
nies

MPUR — Encorp Bhd was selected as one
choice by the prestigious HR Asia's best com
014 awards. Encorp Acting Group Chief Exe
brahim Masrukin accepted the award at an
s dinner held at the ballroom of Sheraton In
a Lumpur. Officiated by Business Media Inte
ai Hup, the yearly awards ceremony saw th
leading human resource experts from all ov
o celebrate the Asian companies who have e
lity in their HR business practices. Guests at
dinner were also treated to an insightful din

Utusan ONLINE

KORPORAT

Encorp syarikat pertama meterai CIP tahun ini

KUALA LUMPUR 13 Dis. – Encorp Berhad muncul sebagai syarikat pertama dan pertengahan bertindak pertama dalam tahun ini yang menandatangani Ikrar Integriti Korporat (CIP) bersama Suruhanjaya Pencegahan Rasuah Malaysia (SPRM).

Pengerusinya, Datuk Dr. Hamzah Md. Kassim berkata, penandatanganan itu dilakukan dalam usaha untuk memantapkan lagi kecekapan sistem pengurusan syarikatnya, selaras dengan inisiatif organisasi yang beliau dan berkenaan dengan pejabat rasuah.

"Penandatanganan ikrar hari ini merupakan satu lagi pencapaian penting kami sejajar dengan aspirasi kerajaan. Perkara ini juga merupakan langkah penting dalam membina sebuah ekosistem perniagaan adil, telus dan bebas daripada rasuah.

"Malah, tindakan ini juga dapat meningkatkan lagi tadbir urus korporat, akauntabiliti dan budaya kerahsiaan ke arah satu tahap yang tinggi," katanya.

Beliau berkata demikian ketika berucap dalam majlis menandatangani CIP bersama SPRM di sini hari ini.

Hadir sama, Ketua Kumpulan Pegawai Eksekutif Encorp Berhad, Yeoh Soo Ann dan Ketua Pesuruhjaya SPRM, Tan Sri Abu Kassim Mohamed.

Hamzah berkata, Encorp komited untuk memperkukuhkan lagi integriti dalam setiap perkara yang dilakukan, termasuk kakitangan, pihak berkepentingan dan rakan niaga kami yang dilihat memiliki nilai etika dalam setiap urusan.

Ketanya, integriti merupakan isu penting yang menjadi fokus kepada rakan niaganya sebelum memilihat keputusan untuk berurusan dengan pihaknya.



Volkswagen CC. Everyday extraordinary.

es 3-fold for FY13



■慕尤丁（左）为ENCORP STRAND商场主持开幕前，为商场签名见证开幕礼。左2起为韩查卡欧和依德利斯。

副揆：經濟轉型方案
今年首季獲6.2%增長

（八打灵再也28日讯）最首相丹斯里慕尤丁指出，自从2010年开始推介经济转型执行方案（GTP）以来，今年首季度成功取得6.2%增长。

他说，在期公布2014年经济竞争力报告指大马从去年的第15名上升9个位次，排在第12名，关证了私人界也不可或的动力。

"私人界在上述执行方案扮演重要的角色，2009年，私人界投资只有82%，但到了2013年，已经提升了91%。"

慕尤丁今晚为ENCORP STRAND商场开幕同时，这么指出。出席者包括ENCORP公司创办人拿督斯里阿芬迪、主席拿督韩查卡欧及百相署表现管理及统述单位

（PEMANDU）总执行长拿督斯里依德利斯等。

慕尤丁说，外国游客去年在大马共消费190亿令吉，比起2012年的消费数额136亿令吉，增长了6.3%。

"零售业在2013年游客消费中也占了30.2%，显示了大马政府和旅游主责之间的合作，成功获取国际认可。"

此外，他说，美国有线新闻网络（CNN）旅游新闻也报导指大马是继纽约、日本和伦敦之后，全球排名第4的最佳购物圣地。

"我对此感到开心，因为大马成功超越香港、新加坡和曼谷，成为最佳购物圣地。希望大马能在长期重保持最佳的购物圣地。"

Encorp wins 2 new Excellence awards for 2014

CONSTRUCTION and property development company Encorp Bhd continued to reap success by winning two awards at the 4th Asian Excellence Recognition Awards 2014 organised by Corporate Governance Asia held in Hong Kong on April 3.

The two awards were for Asia's Best CEO Investor Relations (Malaysia), which went to Encorp Group CEO Yeoh Soo Ann, and Best Investor Relations by Company (Malaysia), which went to Encorp Bhd.

The two new awards in 2014 add to the various awards won by Encorp in 2013 from several international and local bodies.

The recent wins validate Encorp's ability to meet excellent standards in performance. Encorp was awarded two other recognitions in Corporate Governance in 2013 — 1st Asian Company Secretary of the Year 2013 and Asia's Outstanding Company on Corporate Governance.

"These awards serve as a testament to our commitment to active engagement with our stakeholders," said Yeoh in a statement.

"We continuously strive to build excellent relationships with our various stakeholders and communities at large," he added.

The awards were based on interviews conducted with the investment community as well as scores from data submitted by about 13,000 readers of *Corporate Governance Asia Journal*.

Winners include organisa-

tions from s
across China
dia, Indonesi
ippines, Singa
Korea, Vietn
Thailand. Th
categories re
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responsibilit
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Encorp aims to be amongst top league

FELDA Investment Corp Sdn Bhd (FIC), the investment arm involved in property development, hotels and hospitality, retail and tourism, and manufacturing businesses for the Federal Land Development Authority (Felda), now owns 72.27% of Encorp Bhd and is looking at becoming amongst the top 10 players in the property development and construction industry in Malaysia.

"This exercise would bring them from the top 30 in the country to its aimed position in 10 to 15 years.

Recently, FIC acquired a 49.6% stake in Encorp and in June, it triggered an unconditional mandatory takeover offer to acquire the remaining shares, warrants and loan stocks it did not own in Encorp.

The acquisition marks FIC's first foray into property development, given its land bank across prime areas in Malaysia in line with FIC's objective to unlock the value of its land bank.

According to the group CEO Mohd Ibrahim Masrukin, Encorp has a market capitalisation of RM448.14 million and five current signature developments with a total gross development value (GDV) of RM3.4 billion that will last till 2017. To date, they have a total undeveloped land bank of 223.394 acres.

Encorp's projects include Encorp Strand in Kota Damansara, Encorp Cahaya Alam in Shah Alam, Enclave Seaview Residences in Batu Ferringhi, Penang, Encorp Marina Puteri Harbour in Nusajaya, Johor and the Residences on McCallum Lane in Perth, Australia.

He expressed his confidence in achieving the aim to become the top 10 property and construction company, saying it would be a big leap for them at Encorp from a mid-size company to the big league.

"If you compare us with the big property developers, you're looking at quite a huge difference in terms of GDV and land bank," Ibrahim said.

He said they are in the process of developing their strategic plan for presentation to the board before they can reveal further details.

"We look forward to ramping up efforts and believe the combination of Felda's asset and resources to FIC, coupled with Encorp's skills and capabilities in property and construction, makes for a powerful vehicle," he added.

Meanwhile, Encorp chairman Tan Sri Mohd Isa Abdul Samad said one of the strategies is to find more land bank. They have a few areas but haven't decided on which ones to develop.

Isa, who is also Felda chairman, added that Felda has a lot of land such as in Malacca and Kuala Lumpur and has identified some new areas in Johor as well. Encorp, on the other hand, declined to reveal its land bank.

Currently, Isa said that Felda has 11 territories. However they don't have a proper township and aim to set up new townships

THE STAR ONLINE

Business News

Published: Saturday March 1, 2014 MYT 12:00:00 AM
Updated: Saturday March 1, 2014 MYT 1:16:28 PM

Eye on stock - Encorp

ENCORP Bhd shares pulled back from a rally peak of RM1.28 on Sept 19, last ye
– the best level in 5½ years – to a low of 95.5 sen on Jan 27, on correction owing
an apparent profit-taking activity.

Thereafter, prices turned sideways briefly, followed by a small rebound on light bargain hunting interest before tripping into range-bound consolidation. Based on daily chart, Encorp has penetrated the short-term descending line, implying the correction phase was over and the next likely move would be a new leg of uptrend

Perhaps, investors can consider taking up a position at current levels while the shares consolidate, if one is optimistic of the tre
ahead. Elsewhere, the oscillator per cent K and
the oscillator per cent D of the daily slow-
stochastic momentum index were on the slide.
had triggered a short-term sell near the
overbought area in mid-week.



In stark contrast, the daily moving average convergence/divergence histogram retained the posture above the daily trigger line to keep the buy call. The week also saw the 14-day relative strength index retracing back to the mid-range Thursday before ticking up marginally to settle the 57 points level yesterday.

Besides the daily slow-stochastic momentum index, other indicators are positive, implying Encorp will likely be range-bound with a mild upward bias in the immedia term, until a breakout is detected.

A push above the RM1.14 barrier is likely to propel prices up to challenge the previous rally peak of RM1.28, of which a clear penetration would signal the resumption of an upward momentum, enroute to fill a minor gap at the RM1.38-RM1.40 band. The recent ebb of 95.5 sen will now act as the base for the bulls to launch the next upward wave. – **By K.M. Lee**

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STREETS YOUR NEWS

New mall promises to be different

NEIGHBOURHOOD FACILITY: The Encorp Strand Mall in Kota Damansara, slated to open next month, boasts that it will be 'anything but ordinary'

C. PREMANANTHINI
PETALING JAYA



Encorp Strand Mall is set to be the latest shopping complex in Kota Damansara when it opens next month. PIC by Azhar Rosli

RECOGNITION OF DELIVERING THE ENCORP EXPERIENCE





























2010

Winner of The Edge – PEPS Value Creation Excellence Award 2010 for non-residential category

Top 27 of StarBiz ICR Corporate Responsibility Awards 2010

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)

2012

Winner of Overall Excellence Award SCCI Annual Corporate Report Award 2012

Winner of the BrandLaureate's
Most Eminent Brand Iconic Leadership Award
BrandLaureate Leadership Awards 2012

Winner of Malaysia HR Awards 2012
Employer of Choice Award (Bronze)
HR Leader of the Year Award (Silver)

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

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

CONTINUING OUR JOURNEY



A new journey of business transformation. That is Encorp's mission for the future – to effect a transformation for our business. We have assessed our capabilities, and developed a strategy and roadmap to implement our plans to effect catalyse this change. To achieve the higher level of organisational maturity we have envisioned, we are focusing on sustainability and continuous performance improvement.

We are setting clear, aspirational targets, creating a clear structure and maintaining energy and involvement throughout Encorp through strong leadership.

Our final destination – to be one of the top 10 companies in the property development industry in Malaysia. We intend to do this by providing value for our customers in all our developments. To provide future communities with holistic developments which enrich their lives. To provide social infrastructure for a well-balanced lifestyle by employing a structured approach. To think outside the box and supply innovative products and services which will delight the marketplace.

Encorp has always been a property development brand synonymous with inspiration, creativity and an unwavering mission to enrich the quality of life of its customers. The commitment is to not just adhere to these high standards, but to push the bar in the innovations of new products and services.

GROUP FINANCIAL HIGHLIGHTS



Summary	Unit	2010	2011	2012	2013	2014
OPERATING RESULTS						
Revenue	RM million	269.71	289.93	396.52	536.44	330.39
Profit before tax (PBT)	RM million	(75.36)	17.10	47.19	115.93	25.30
Core PBT	RM million	(75.36)	17.10	47.19	52.54 N2	(20.58) N2
Profit attributable to onwers of the parent (PATMI)	RM million	(81.53)	29.57	12.08	61.50	10.53
Core PATMI	RM million	(81.53)	6.40 N1	12.08	19.34 N2	(19.99) N2
KEY DATA OF FINANCIAL POSITION						
Equity attributable to onwers of the parent	RM million	234.26	265.36	273.58	328.78	384.52
Non-controlling interest	RM million	26.72	32.24	49.81	83.59	87.01
Total assets	RM million	1,672.39	1,687.63	1,926.91	2,044.50	1,961.91
Total borrowings N3	RM million	46.10	132.14	217.88	317.51	248.33
FINANCIAL RATIO						
Basic earnings per share N4	Sen	(37.67)	13.56	5.54	28.14	4.20
PBT Margin	%	(28%)	6%	12%	22%	8%
Core PBT Margin	%	(28%)	6%	12%	10%	(6%)
PATMI Margin	%	(30%)	10%	3%	11%	3%
Core PATMI Margin	%	(30%)	2%	3%	4%	(6%)
Net gearing ratio	Times	0.18	0.44	0.67	0.77	0.53
Net assets attributable to owner of the parent per shares N4	Times	1.08	1.22	1.25	1.50	1.53

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

N2 Core PBT and Core PATMI for financial year 2014 represent adjusted PBT and PATMI exclude the changes in fair value of investment properties of RM45.89 million (2013: RM63.39 million).

N3 The total borrowings exclude the Al-Bai Bithaman Ajil Notes and Sukuk Murabahah in relation to the Teachers' Quarters Project, which has no recourse to the Company.

N4 Calculated based on the weighted average ordinary shares net of treasury shares held.





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 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 Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Non-Independent Executive Director.

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

2. Board Balance

The Chairman of the Company is a Non-Independent Non-Executive Director. The role of the Chairman and the Executive Director ("ED") 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 ED has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The ED 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.

To ensure balance in the Board, the Independent Non-Executive Directors provide an element of objectivity, independent views, evaluations, check and balance on the Board as well as advice in Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

3. Reinforce Independence

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 Non-Executive Directors and has concluded that each of them continue to demonstrate behaviours that reflect their independence, which is in accordance with the definition of "Independent Director" under the Listing Requirements of Bursa Securities.

4. 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, eight (8) 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
YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad (appointed on 30.6.2014)	5/5
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid (appointed on 30.6.2014)	5/5
Datuk Haji Jaafar bin Abu Bakar (appointed on 24.7.2014)	3/4
Dato' Haji Zakaria bin Nordin (appointed on 23.9.2014)	2/3
Dato' Feroz bin A S Moidunny	7/8
Abdul Rahim bin Abdul Hamid (appointed on 25.8.2014)	3/3
Mohd Zaid bin Abdul Jalil (appointed on 30.6.2014)	5/5
Datuk Haji Faizoull bin Ahmad (appointed on 30.6.2014) (vacation of office on 23.2.2015)	2/5
Datuk Dr Md Hamzah bin Md Kassim (resigned on 30.6.2014)	2/3
Yeoh Soo Ann (retired on 25.6.2014)	3/3
Mohd Ibrahim bin Masrakin (retired on 25.6.2014)	3/3
Dato' Chew Kong Seng @ Chew Kong Huat (resigned on 25.8.2014)	4/5
Datuk Fong Joo Chung (resigned on 25.8.2014)	4/5
Datuk (Dr) Ting Ding Ing (resigned on 23.6.2014)	3/3

5. 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.

6. 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.

7. 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 and approving the business plan and overall strategic directions;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company;
- 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.

8. 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.

The Board acknowledges the gender diversity policy including diversity in ethnicity and age. However, the Board has yet to establish a policy on gender diversity. The Nomination and Remuneration Committee will take steps to ensure that selection and appointment of new board member shall take into the consideration of the required mix of skill, knowledge and professional experience which the new director should bring to the Company. The Board is committed to provide fair and equal opportunities and nurturing diversity within the Group.

9. 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.

10. 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

On 24 July 2014, the Audit Committee was renamed as the Audit and Governance Committee.

The Audit and Governance Committee is made up of three (3) members comprising entirely of Independent Non-Executive 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	Member	Independent Non-Executive Director

b. Nomination and Remuneration Committee

On 24 July 2014, the Nomination Committee and Remuneration Committee were merged and renamed as the Nomination and Remuneration Committee. The Board is in the process of appointing Chairman of Nomination and Remuneration Committee.

The Nomination and Remuneration Committee currently comprises the following members:

Name	Designation	Directorship
Dato' Haji Zakaria bin Nordin	Member	Non-Independent Non-Executive Director
Dato' Feroz bin A S Moidunny	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.

Summary of the main activities in 2014 are amongst others as follows:

- Make recommendations to the Board on the candidates for directorships of the Company and its subsidiaries;
- Make recommendations to the Board on the re-appointment and re-election of Directors who are subject to retirement at forthcoming AGM;
- Recommend to the Board, the methodology to apply for the assessment of the Board's effectiveness for review period 2014;

- Annual Board assessment on the effectiveness and competencies of the Board as a whole;
- Evaluation on an annual basis the independence of each Independent Director; and
- Recommend to the Board, 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, which was carried out by the Nomination and Remuneration Committee 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 Nomination and Remuneration Committee 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 on the recommendation of the Nomination and Remuneration Committee 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.

c. Investment Committee

The Investment Committee was established on 24 July 2014.

The Investment Committee is made up of two (2) 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.

The Investment Committee currently comprises the following members:

Name	Designation	Directorship
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	Chairman	Non-Independent Non-Executive Director
Datuk Haji Jaafar bin Abu Bakar	Member	Independent Non-Executive Director

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 many 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.

11. 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 2014, the Directors have attended the following training programmes/ seminars/workshops/talks:

- Mandatory Accreditation Programme : Bursatra.
- Hak-hak orang asli dari Konteks Perlembagaan Persekutuan, Akta 134 & Common Law: Jabatan Peguam Negara.
- Talk on the Moari Land Court & other indigenous tribunals; Indigenous Land Rights and Settlements in Australia, Canada, New Zealand and USA; and Indigenous Laws of Pacific Nations: The High Court of Sabah and Sarawak and Dayak Chamber of Commerce and Industry.
- Appreciating our Federal Constitution Course : Attorney General's Chambers (AGC) Putrajaya.
- Audit Committe Conference 2015 - Rising To New Challanges : Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia.

B. DIRECTORS REMUNERATION

Policies and Procedures

The Nomination and Remuneration Committee recommends the remuneration package for the Executive Directors 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 aggregate remuneration of Directors for the financial year ended 31 December 2014 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries / Allowance & Other Emoluments	845	90
Fees	62	501
Defined contribution plan	77	–
Estimated money value of benefits-in-kind	34	14
Total	1,018	605

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	–	5
RM50,001 – RM100,000	1	6
RM250,001 – RM300,000	1	–
RM700,001 – RM750,000	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 are also announced accordingly.

The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. In line with the 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.

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 66 to 68.

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.

Relationship with External Auditor

Through the Audit and Governance Committee, the Group has established a transparent relationship with the external auditor in seeking professional advice and ensuring compliance with the laws and regulations. The external auditor also highlights to the Board any material deficiency pertaining to the system of internal control and compliance issues of the Group.

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 13.1.2014. 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 April 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 RM327,000.

Options, Warrants or Convertible Securities

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

During the financial year under review, 53,789,080 RCSLS were converted and 200 warrants were exercised into ordinary shares.

Options

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

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year under review, the Company did not sponsor any ADR or GDR programme.

Sanctions/Penalties

There were no sanctions 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 Group did not incurred any non-audit fees.

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 had obtained a shareholders' mandate for the Group to enter into recurrent related party transactions for the sale of properties in the ordinary course of business with relaed parties ("Recurrent Transaction") at the Fourteenth Annual General Meeting held on 25 June 2014. Recurrent Transaction conducted during the financial year ended 31 December 2014 is set out below.

Related Party	Relationship with Encorp Group	RM
Datin Paduka Norazlina binti Zakaria	A director of Must Ehsan Development Sdn Bhd, a 70%-owned subsidiary of Encorp Must Sdn Bhd, which in turn is a wholly-owned subsidiary of Encorp Berhad	1,402,500

AUDIT AND GOVERNANCE COMMITTEE REPORT

On 24 July 2014, the Audit Committee was renamed as the Audit and Governance Committee. The Board of Directors is pleased to present the report on the Audit and Governance Committee for the financial year ended 31 December 2014.

Membership and Meetings of The Audit and Governance Committee

During the financial year ended 31 December 2014, the Audit and Governance Committee convened five (5) meetings which were attended by the members as tabulated below:

Name of members	Directorship	No. of Meetings Attended
Datuk Haji Jaafar bin Abu Bakar (appointed on 24.7.2014)	Chairman, Independent Non-Executive Director	2/2
Abdul Rahim bin Abdul Hamid (appointed on 25.8.2014)	Independent Non-Executive Director	1/1
Dato' Haji Zakaria bin Nordin (appointed on 23.10.2014, resigned on 12.3.2015)	Non-Independent Non-Executive Director	1/1
Mohd Zaid Bin Abdul Jalil (appointed on 24.7.2014, resigned on 25.8.2014)	Non-Independent Executive Director	1/1
Dato' Chew Kong Seng @ Chew Kong Huat (redesignated on 24.7.2014, resigned on 25.8.2014)	Senior Independent Non-Executive Director	4/4
Datuk Fong Joo Chung (resigned on 24.7.2014)	Independent Non-Executive Director	3/3
Datuk (Dr) Philip Ting Ding Ing (resigned on 23.6.2014)	Independent Non-Executive Director	3/3

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 Requirements ("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 on 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.

Trainings

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

- Hak-hak orang asli dari Konteks Perlembagaan Persekutuan, Akta 134 & Common Law: Jabatan Peguam Negara.
- Talk on the Moari Land Court & other indigenous tribunals; Indigenous Land Rights and Settlements in Australia, Canada, New Zealand and USA; and Indigenous Laws of Pacific Nations: The High Court of Sabah and Sarawak and Dayak Chamber of Commerce and Industry.
- Appreciating our Federal Constitution Course : Attorney General's Chambers (AGC) Putrajaya.
- Audit Committee Conference 2015 - Rising To New Challanges : 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 2013, 31 March 2014, 30 June 2014 and 30 September 2014 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 2013 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 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 2014.

- Reviewed and approved the annual internal audit plan for 2015.
- Reviewed related party transactions entered into by the Group.
- 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 ("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.

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 2014, the major activities carried out by 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 2014 amounted to RM86,610.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Board 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 affirms its overall responsibility in maintaining the Group'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 the Group's assets.

Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's existing system is designed to manage rather than eliminate the risk of failure to achieve business objectives. 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.

Risk Management

The Board through the Audit & Governance Committee ("AGC") has established a risk management framework to evaluate and improve the adequacy and effectiveness of the Group's risk management process. The key elements of the risk management framework are as follows:

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

b. Lines of responsibility and accountability; and

c. Defined parameters for risk rating.

Risk Management Processes

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 Group's senior management and the head of departments & divisions. RMC meets formally at least once in every quarter to:

(a) Review the risk profile of the Group;

(b) Review of existing risks and identification of new risks, and

(c) Assess status of risk mitigation action plans

The RMC is also 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 Risk & Governance Department 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 the Group was compiled to help RMC and the Board to prioritise their focus on areas of high risks.

Internal Audit

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

The internal audit reviews has been carried out based on a risk-based audit approach and its findings were presented to Audit & Governance Committee ("AGC") on a quarterly basis.

During the year, the following processes of certain subsidiaries were reviewed by the internal auditors:

- Human Resource Process
- Procurement of Construction Materials
- Subcontracting Management
- Leasing Process
- Revenue Recognition, Credit Control and Payment Process
- Tender and Procurement

The findings arising from the above reviews have been reported to management for their response and subsequently for the AGC deliberation. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

Other Key Elements of Internal Control

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

a. Group Vision and Organisation Structure
   - Clear Group 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 define the lines of authority in making operational and commercial business decisions.

c. Monitoring process by Audit & 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 point.

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 easy access through Encorp Learning via Information System are established to ensure that staff 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 Chief Executive Officer 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 2014 up to the date of approval of this statement. This statement is made in accordance with the resolution of the Board of Directors on 23 February 2015.

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 disclosure 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 2014, 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.


EUROPE
AMERICA
ASIA
AFRICA
$1,000.00
$800.00
$600.00
$820.51
$678.00

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FINANCIALS

Encorp Berhad (506836X)
(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 2014.

Principal activities

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

The principal activities of the subsidiaries are disclosed in Note 18 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 net of tax	13,940	6,526
Profit attributable to:		
Owners of the parent	10,526	6,526
Non-controlling interest	3,414	-
	13,940	6,526

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 property which has resulted in an increase in the Group's profit by RM45,882,683 as disclosed in Note 14(a) to the financial statements; and

(b) the impairment loss on land held for property development held by a wholly owned subsidiary which has resulted in a decrease in the Group's profit by RM1,195,566 as disclosed in Note 17(a) to the financial statements.

Dividends

The amounts of dividends paid by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2013:	
Single-tier final dividend of 3 sen, on 273,198,416 ordinary shares declared on 28 April 2014 and paid on 10 July 2014	8,198

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

Encorp Berhad (506836X)
(Incorporated in Malaysia)

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	(appointed on 30 June 2014)
Datuk Noor Ehsanuddin Bin Mohd Harun Narrashid	(appointed on 30 June 2014)
Mohd Zaid Bin Abdul Jalil	(appointed on 30 June 2014)
Datuk Haji Jaafar Bin Abu Bakar	(appointed on 24 July 2014)
Abdul Rahim Bin Abdul Hamid	(appointed on 25 August 2014)
Dato' Haji Zakaria Bin Nordin	(appointed on 23 September 2014)
Dato' Feroz Bin A S Moidunny	
Datuk Haji Faizoull Bin Ahmad	(appointed on 30 June 2014 and vacation of office on 23 February 2015)
Datuk (Dr) Ting Ding Ing	(resigned on 23 June 2014)
Yeoh Soo Ann	(retired on 25 June 2014)
Mohd Ibrahim Bin Masrakin	(retired on 25 June 2014)
Datuk Dr Md Hamzah Bin Md Kassim	(resigned on 30 June 2014)
Dato' Chew Kong Seng @ Chew Kong Huat	(resigned on 25 August 2014)
Datuk Fong Joo Chung	(resigned on 25 August 2014)

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 34 to the financial statements.

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.

Issue of shares

During the 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.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company unless the allotment of the new ordinary shares is made on or prior to the entitlement date of any dividends, rights, allotments and/or other distributions.

Treasury shares

As at 31 December 2014, the Company held as treasury shares a total of 5,386,000 of its 278,644,716 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,559,005 and further relevant details are disclosed in Note 30(b) to the financial statements.

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.

Other statutory information

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

(i) to ascertain 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 there were no bad debts and that adequate allowance had been made for doubtful debts; and

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

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

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in respect of 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, except as disclosed in Note 39 to the financial statements.

(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.

Significant event

Details of the significant event are disclosed in Note 30(a) to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 30(b) to the financial statements.

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 28 April 2015.

Abdul Rahim Bin Abdul Hamid

Dato' Haji Zakaria Bin Nordin

Encorp Berhad (506836X)
(Incorporated in Malaysia)

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

We, Abdul Rahim Bin Abdul Hamid and Dato' Haji Zakaria Bin Nordin, 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 79 to 174 are drawn up in accordance with Financial Reporting Standards and 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 2014 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 40 to the financial statements on page 175 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 28 April 2015.

Abdul Rahim Bin Abdul Hamid

Dato' Haji Zakaria Bin Nordin

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 79 to 175 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 28 April 2015

Wan Azman Bin Wan Abbas

Before me,

Encorp Berhad (506836X)
(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 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 79 to 174.

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 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.

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 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Encorp Berhad (506836X)
(Incorporated in Malaysia)

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

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 18 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.

Other matters

The supplementary information set out in Note 40 to the financial statements on page 175 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

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2015

Encorp Berhad (506836X)

(Incorporated in Malaysia)

Statements of comprehensive income
For the year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	4	330,385	536,435	8,808	43,629
Cost of sales	5	(198,316)	(302,429)	(17)	(34,501)
Gross profit		132,069	234,006	8,791	9,128
Other income	6	55,406	72,083	18,719	3,196
Selling and marketing expenses		(8,070)	(33,738)	-	-
Administrative expenses		(32,462)	(29,689)	(14,936)	(20,268)
Finance costs	7	(115,440)	(118,827)	(4,328)	(6,363)
Other expenses		(6,204)	(7,905)	(964)	(1,142)
Profit/(loss) before tax	8	25,299	115,930	7,282	(15,449)
Income tax (expenses)/ benefit	11	(11,359)	(20,109)	(756)	1,875
Profit/(loss) net of tax		13,940	95,821	6,526	(13,574)
Other comprehensive income					
Foreign currency translation		(980)	(3,294)	-	-
Total comprehensive income/(loss) for the year		12,960	92,527	6,526	(13,574)
Profit/(loss) attributable to:					
Owners of the parent		10,526	61,496	6,526	(13,574)
Non-controlling interest		3,414	34,325	-	-
		13,940	95,821	6,526	(13,574)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		9,546	58,202	6,526	(13,574)
Non-controlling interest		3,414	34,325	-	-
		12,960	92,527	6,526	(13,574)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	12	4.20	28.14		
Diluted	12	-	21.40		

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

Encorp Berhad (506836X)

(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	22,846	29,787	2,599	22,884
Intangible assets	16	24,969	25,165	113	269
Land held for property development	17(a)	45,820	46,712	-	-
Completed investment properties	14(a)	343,749	103,300	35,449	-
Investment property under construction	14(b)	-	177,096	-	-
Investment in subsidiaries	18	-	-	295,960	295,960
Trade receivables	19	960,581	998,292	-	-
Deferred tax assets	20	7,746	7,550	-	-
		1,405,711	1,387,902	334,121	319,113
Current assets					
Property development costs	17(b)	77,587	157,976	-	-
Inventories	21	79,788	1,525	-	-
Tax recoverable		6,332	1,394	-	-
Trade and other receivables	19	130,084	146,602	146,574	151,779
Other current assets	22	106,062	153,485	202	6,603
Investment security	24	108,300	115,808	69	2,555
Cash and bank balances	25	48,047	79,805	2,870	8,495
		556,200	656,595	149,715	169,432
Total assets		1,961,911	2,044,497	483,836	488,545

Encorp Berhad (506836X)

(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2014 (contd.)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Equity and liabilities					
Current liabilities					
Trade and other payables	26	144,056	178,536	19,546	26,579
Other current liabilities	27	33,905	11,255	-	-
Loans and borrowings	28	122,704	145,370	17,136	14,549
Income tax payable		3	9,727	-	-
		300,668	344,888	36,682	41,128
Net current assets		255,532	311,707	113,033	128,304
Non-current liabilities					
Trade payables	26	32,577	33,314	-	-
Loans and borrowings	28	1,154,285	1,251,084	22,190	75,930
Deferred tax liabilities	20	2,858	2,843	812	56
		1,189,720	1,287,241	23,002	75,986
Total liabilities		1,490,388	1,632,129	59,684	117,114
Net assets		471,523	412,368	424,152	371,431
Equity attributable to owners of the parent					
Share capital	30	278,645	224,856	278,645	224,856
Treasury shares	30	(4,559)	(4,559)	(4,559)	(4,559)
Share premium	30	103,044	102,440	103,044	102,440
Other reserves	31	1,613	2,593	3,640	3,640
Retained earnings	32	5,774	3,446	43,382	45,054
		384,517	328,776	424,152	371,431
Non-controlling interest		87,006	83,592	-	-
Total equity		471,523	412,368	424,152	371,431
Total equity and liabilities		1,961,911	2,044,497	483,836	488,545

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

Encorp Berhad (506836X)
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the year ended 31 December 2014

		Attributable to owners of the parent								
				Non-distributable					Distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves, total RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Non-controlling interest RM'000
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		12,960	9,546	-	-	-	(980)	-	(980)	10,526	3,414
Transactions with owners											
Dividends on ordinary shares	13	(8,198)	(8,198)	-	-	-	-	-	-	(8,198)	-
Dividends paid by a subsidiary											
Issuance of ordinary shares:											
- Conversion of RCSLS		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
At 1 January 2013		323,399	273,584	223,509	102,435	(4,559)	5,887	3,640	2,247	(53,688)	49,815
Total comprehensive income		92,527	58,202	-	-	-	(3,294)	-	(3,294)	61,496	34,325
Transactions with owners											
Dividends on ordinary shares	13	(4,362)	(4,362)	-	-	-	-	-	-	(4,362)	-
Dividends paid by a subsidiary		(548)	-	-	-	-	-	-	-	-	(548)
Issuance of ordinary shares:											
- Conversion of RCSLS		1,352	1,352	1,347	5	-	-	-	-	-	-
Total transactions with owners		(3,558)	(3,010)	1,347	5	-	-	-	-	(4,362)	(548)
At 31 December 2013		412,368	328,776	224,856	102,440	(4,559)	2,593	3,640	(1,047)	3,446	83,592

* 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 notes form an integral part of the financial statements.

Company statement of changes in equity
For the year ended 31 December 2014

	Note	Equity, total RM'000	Non-distributable: Share capital RM'000	Non-distributable: Share premium RM'000	Non-distributable: Treasury shares RM'000	Non-distributable: Other reserves, total RM'000	Non-distributable: Warrant reserves RM'000	Distributable: Retained earnings (Note 32) RM'000
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								
Dividend paid	13	(8,198)	-	-	-	-	-	(8,198)
Issuance of ordinary shares:								
- Conversion of RCSLS		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
At 1 January 2013		388,015	223,509	102,435	(4,559)	3,640	3,640	62,990
Total comprehensive income		(13,574)	-	-	-	-	-	(13,574)
Transactions with owners								
Dividend paid	13	(4,362)	-	-	-	-	-	(4,362)
Issuance of ordinary shares:								
- Conversion of RCSLS		1,352	1,347	5	-	-	-	-
Total transactions with owners		(3,010)	1,347	5	-	-	-	(4,362)
At 31 December 2013		371,431	224,856	102,440	(4,559)	3,640	3,640	45,054

* 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 notes form an integral part of the financial statements.

Encorp Berhad (506836X)

(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2014

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities				
Profit/(loss) before tax	25,299	115,930	7,282	(15,449)
Adjustments for:				
Depreciation	4,703	2,866	802	917
Amortisation of intangible assets	294	322	162	224
Interest expense	115,440	118,827	4,328	6,363
Distribution income from money market investment security	(3,718)	(3,233)	(14)	(228)
Gain on disposal of investment security	(310)	(2,124)	-	(230)
Interest income	(2,788)	(1,523)	(2,462)	(2,738)
Provision for short-term accumulating compensated absences (Note 9)	22	73	-	-
(Gain)/loss on disposal of property, plant and equipment	(10)	726	19	788
Net loss on disposal of intangible assets	-	33	-	33
Changes in fair value of investment property	(45,883)	(63,388)	(16,243)	-
Allowance for impairment on other receivables	-	-	-	153
Write down of inventories	986	-	-	-
Write off of property, plant equipment	-	32	-	32
Impairment for land held for property development	1,196	5,217	-	-
Impairment of intangible assets	-	3	-	-
Impairment of trade receivables	1,431	3	70	-
Impairment of property, plant and equipment	-	1	-	-
Adjustments for property, plant and equipment (Note 15)	-	2,274	-	-
Unrealised foreign exchange loss	-	-	1,124	3,724
Unwinding of discount on other liabilities at amortised costs	574	1,198	-	-
Finance income - other liabilities at amortised costs	(886)	(89)	-	-
Bad debts written off	-	9	-	-
Operating cash flows before working capital changes carried forward	96,350	177,157	(4,932)	(6,411)

Encorp Berhad (506836X)

(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2014 (contd.)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities (contd.)				
Operating cash flows before working capital changes brought forward	96,350	177,157	(4,932)	(6,411)
Changes in working capital:				
Development expenditure	62,614	142,983	-	-
Inventories	(79,249)	43,447	-	-
Trade and other receivables	52,773	(6,444)	4,010	(17,264)
Other current assets	47,423	(328,876)	6,401	(6,419)
Trade and other payables	(38,288)	53,174	(7,033)	(714)
Other current liabilities	22,650	(68)	-	(2)
	164,273	81,373	(1,554)	(30,810)
Interest paid	(10,657)	(2,611)	(1,137)	(292)
Income taxes (paid)/refunded	(26,202)	(25,084)	-	60
Net cash flows generated from/ (used in) operating activities	127,414	53,678	(2,691)	(31,042)
Investing activities				
Purchase of property, plant and equipment (Note a)	(4,681)	(10,755)	(3)	(1,870)
Purchase of intangible assets (Note a)	(98)	(252)	(6)	-
Proceeds from disposal of property, plant and equipment	773	920	261	50
Proceeds from disposal of intangible assets	-	259	-	259
Transfer to completed investment properties	9,541	-	-	-
Investment in investment security	7,818	133,084	2,486	34,975
Interest received	2,788	1,523	2,462	2,738
Distribution income	3,718	3,233	14	228
Net cash flows generated from investing activities	19,859	128,012	5,214	36,380

Encorp Berhad (506836X)

(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 December 2014 (contd.)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financing activities				
Dividends paid to:				
- shareholders of the Company	(8,198)	(4,910)	(8,198)	(4,362)
(Placement)/withdrawal of deposits pledged	(5,878)	(8,876)	6,231	(5,936)
Drawdown from loans and borrowings	49,489	123,393	6,062	10,182
Repayment of loans and borrowings	(55,429)	(25,238)	(2,890)	(493)
Sukuk Murabahah	(151,877)	(236,083)	-	-
Payment of RCSLS coupon	(2,083)	(3,912)	(2,083)	(3,912)
Net repayment of finance lease payables	(3,664)	(2,236)	(1,039)	(986)
Net cash flow used in financing activities	(177,640)	(157,862)	(1,917)	(5,507)
Net(decrease)/increase in cash and cash equivalents	(30,367)	23,828	606	(169)
Effect of exchange rate changes on cash and cash equivalents	(893)	(4,700)	-	-
Cash and cash equivalents at beginning of year	66,741	47,613	170	339
Cash and cash equivalents at end of year (Note 25)	35,481	66,741	776	170

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash	4,779	11,007	9	1,870
Finance lease	3,385	4,315	-	948
	8,164	15,322	9	2,818

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

Notes to the financial statements
31 December 2014

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, provision of general management support services and construction. The principal activities of the subsidiaries are disclosed in Note 18. There have been no significant changes in the nature of these principal activities during the financial year.

The consolidated financial statements of Encorp Berhad and its subsidiaries (collectively, the Group) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 28 April 2015.

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 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 2014 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.

2.2 Changes in accounting policies

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

On 1 January 2014, 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 2014:

Description	Effective for annual periods beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

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

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under FRS 10.

Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to FRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is Å at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by FRS 13 Fair Value Measurements.

The application of these amendments had no material impact on the disclosures in the Group's financial statements.

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

These amendments have no impact on the Group as the Group does not have any derivatives that are subject to novation.

IC Interpretation 21 Levies

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required. The application of IC 21 has had no material impact on the disclosures or on the amounts recognised in 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 July 2014
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to FRSs 2010-2012 Cycle
Annual Improvements to FRSs 2011-2013 Cycle

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
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 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127: Equity Method in Separate Financial Statements
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 2017
FRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018
FRS 9: Financial Instruments

The nature and impact of the adoption of the above standards 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.

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

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

- 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.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

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.

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.

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

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 2017 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.

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 issued a new approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption in view of potential changes on the horizon which may change current accounting treatments. On 2 September 2014, the Malaysian Accounting Standards Board had announced the adoption of MFRS for the TEs is deferred to 1 January 2017.

TEs are non-private entities within the scope of MFRS 141 - Agriculture and IC Interpretation 15 - Agreements for the Construction of Real Estate, including their parent, significant investor and venturer. The Group being a TE, will adopt the MFRS Framework with effect from 1 January 2017.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The 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

- 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.

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.

2. Summary of significant accounting policies (contd.)

2.7 Foreign currency (contd.)

b) Foreign currency transactions (contd.)

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

c) Foreign operations

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

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

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

	2014	2013
Australian Dollar (AUD)	2.93	2.87

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.

- 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.

2. Summary of significant accounting policies (contd.)

2.8 Investment property (contd.)

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.

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

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.

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. Summary of significant accounting policies (contd.)

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.

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.

2. Summary of significant accounting policies (contd.)

2.10 Intangible assets (contd.)

b) Other intangible assets (contd.)

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.

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.

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 xthe 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.

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

b) Loans and receivables (contd)

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.

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 bank and on hand, and short-term deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (contd.)

2.15 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.

2.16 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.

2. Summary of significant accounting policies (contd.)

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

(ii) Property development costs (contd.)

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.

2.17 Inventories

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

- The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

- The cost of trading goods is determined using the purchase costs on a first-in-first-out basis.

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

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.

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

2. Summary of significant accounting policies (contd.)

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 2.23(i).

2.23 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.

2. Summary of significant accounting policies (contd.)

2.23 Revenue (contd.)

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.

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.)

2.24 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.

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.

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

b) Deferred tax (contd.)

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.

2.25 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.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Summary of significant accounting policies (contd.)

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.30 Fair value measurements

The Group measures financial instruments, and certain non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. Summary of significant accounting policies (contd.)

2.30 Fair value measurements (contd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and available-for-sale financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon by the management as and when necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

On an interim basis, the management present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.31 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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.

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.

(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.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(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 17.

(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 23.

(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 20.

(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 19.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(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 14.

4. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Concession income	101,527	104,866	-	-
Sale of properties	144,301	342,516	-	-
Construction contract revenue	78,233	82,569	-	35,217
Sales of goods	1,517	5,996	-	-
Rental income	4,807	488	-	-
Management fees from subsidiaries	-	-	8,808	8,412
	330,385	536,435	8,808	43,629

5. Cost of sales

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property development costs (Note 17(b))	81,656	217,493	-	-
Property expenses	6,612	890	-	-
Construction contract costs	107,487	73,787	17	34,501
Cost of goods and services sold	2,561	10,259	-	-
	198,316	302,429	17	34,501

6. Other income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gain on disposal of investment security	310	2,124	-	230
Rental income	213	200	-	-
Reversal of over accrued expenses	-	120	-	-
Bad debts recovered	6	322	-	-
Interest income	2,788	1,523	2,462	2,738
Distribution income from money market investment security	3,718	3,233	14	228
Realised gain on foreign exchange	-	91	-	-
Finance income - other liabilities at amor-costs*	886	89	-	-
Other income	1,573	931	-	-
Gain on disposal of property, plant and equipment	29	62	-	-
Changes in fair value of investment properties (Note 14(a))	45,883	63,388	16,243	-
	55,406	72,083	18,719	3,196

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

7. Finance costs

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
- Sukuk Murabahah	101,593	108,947	-	-
- Obligations under finance leases	476	289	62	67
- Bank credit facilities, bank loans and bank overdraft	15,798	12,511	1,075	638
- Trade payables	-	211	-	-
- RCSLS coupon (Note 28(o))	3,191	6,071	3,191	6,071
Unwinding of discount on other liabilities at amortised costs*	574	1,198	-	-
Less:				
- Interest capitalised in property development cost (Note 17(b))	(4,307)	(4,225)	-	-
- Interest capitalised in investment property under construction (Note 14(b))	(1,885)	(5,762)	-	-
- Interest capitalised in property, plant and equipment (Note 15)	-	(413)	-	(413)
Total finance costs	115,440	118,827	4,328	6,363

* Represents 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Employee benefits expense (Note 9)	13,560	22,699	6,346	11,410
Non-executive directors' remuneration (Note 10)	683	498	591	456
Auditors' remuneration:				
- current year	214	242	60	61
- under provision in prior year	-	15	-	2
- other services	-	12	-	-
Impairment loss on financial assets:				
- Trade receivables (Note 19(a))	1,431	3	70	-
- Other receivables from a subsidiary (Note 19(a))	-	-	-	153
Depreciation of:				
- Propety, plant and equipment (Note 15)	3,728	2,352	802	917
- Capitalised in construction costs (Note 23)	975	514	-	-
Amortisation of intangible assets (Note 16)	294	322	162	224
Impairment of intangible assets (Note 16)	-	3	-	-
Impairment of land held for property development (Note 17(a))	1,196	5,217	-	-
Write down of inventories	986	-	-	-
Impairment of property, plant and equipment (Note 15)	-	1	-	-
Operating lease - minimum lease payments on:				
- premises	234	132	540	228
- equipment	270	239	102	122
- others	62	54	38	39
Bad debts written off	-	9	-	-
Net loss on disposal of intangible assets	-	33	-	33

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

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Write off of property, plant and equipment (Note 15)	-	32	-	32
Foreign exchange (gain)/loss				
- Realised	-	(91)	-	-
- Unrealised	-	-	1,124	3,724
Loss on disposal of property, plant and equipment	19	788	19	788

9. Employee benefits expense

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	11,618	19,009	5,341	9,812
Social security contributions	73	88	31	34
Contributions to defined contribution plan	1,176	1,859	571	802
Provision of short term accumulating compensated absences (Note 26(e))	22	73	-	-
Other benefits	671	1,670	403	762
	13,560	22,699	6,346	11,410

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM984,000 (2013: RM2,504,000) and RM984,000 (2013: RM2,456,000) 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive:				
Salaries and other emoluments	845	2,161	845	2,161
Fees	62	128	62	80
Defined contribution plan	77	215	77	215
Total executive directors' remuneration (excluding benefits-in-kind)	984	2,504	984	2,456
Estimated money value of benefits-in-kind*	34	933	34	933
Total executive directors' remuneration (including benefits-in-kind)	1,018	3,437	1,018	3,389
Non-executive:				
Fees	541	469	501	429
Allowances and other emoluments	142	29	90	27
Total non-executive directors' remuneration (excluding benefits-in -kind) (Note 8)	683	498	591	456
Estimated money value of benefits-in-kind	55	6	14	6
Total non-executive directors' remuneration (including benefits-in-kind)	738	504	605	462
Total directors' remuneration	1,756	3,941	1,623	3,851

* In prior financial year, included in the estimated money value of benefits-in-kind of the Group and the Company are the transfer of motor vehicles to former executive directors amounting to RM838,000 as disclosed in Note 34(a).

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	
	2014	2013
Executive directors:		
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	1
RM250,001 - RM300,000	1	1
RM700,001 - RM750,000	1	-
RM 900,001 - RM950,000	-	1
RM 1,200,001 - RM1,250,000	-	1
Non-executive directors:		
< RM50,000	5	2
RM50,001 - RM100,000	6	1
RM100,001 - RM150,000	-	3

11. Income tax expense/(benefit)

Major components of income tax expense/(benefit)

The major components of income tax expense/(benefit) for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	14,092	28,187	-	(1,285)
- (Over)/Under provision in respect of previous years	(2,552)	225	-	-
	11,540	28,412	-	(1,285)

11. Income tax expense/(benefit) (contd.)

Major components of income tax expense/(benefit) (contd.)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred income tax (Note 20):				
- Origination and reversal of temporary differences	(3,390)	(7,507)	812	(539)
- Under/(Over) provision in respect of previous years	3,209	(796)	(56)	(51)
	(181)	(8,303)	756	(590)
Income tax expense/(benefit) recognised in profit or loss	11,359	20,109	756	(1,875)

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 2014 and 2013 is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(loss) before tax	25,299	115,930	7,282	(15,449)
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	7,929	29,166	1,821	(3,678)
Different tax rates in other countries	(1,925)	(265)	-	-
Adjustments:				
Non-deductible expenses	5,640	9,958	1,368	1,726
Income not subject to taxation	(1,709)	(2,663)	(33)	(798)
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	-	-	-	46
Deferred tax assets not recognised	12,093	860	905	880
(Over)/under provision of tax expense in prior years				
- current taxation	(2,552)	225	-	-
- deferred tax	3,209	(796)	(56)	(51)
Deferred tax assets recognised at different tax rate	(11,326)	(16,376)	(3,249)	-
Income tax expense/(benefit) recognised in profit or loss	11,359	20,109	756	(1,875)

Reconciliation between tax expense/(benefit) and accounting profit (contd.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 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 2014 has reflected these changes.

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

12. 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	
	2014	**2013**
	RM'000	**RM'000**
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	10,526	61,496
Interest expense on RCSLS coupon (Note 7)	-	6,071
Profit net of tax attributable to owners of the parent used in the computation of diluted earnings per share	10,526	67,567
Weighted average number of ordinary shares for basic earnings per share computation*	250,637	218,516
Effects on dilution - RCSLS	-	64,359
Effects on dilution - Warrants	-	32,853
Weighted average number of ordinary shares for diluted earnings per share computation*	250,637	315,728
	2014	**2013**
	Sen	**Sen**
Basic earnings per share	4.20	28.14
Diluted earnings per share	-	21.40

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

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

13. Dividends

	Group and Company	
	2014	2013
	RM'000	RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final tax exempt (single-tier) dividend for 2012:		
2 sen per share	-	4,362
Final tax exempt (single-tier) dividend for 2013:		
3 sen per share	8,198	-
	8,198	4,362

14. Investment properties

(a) Completed investment properties

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	103,300	-
Transferred from inventories	-	39,846
Transferred from investment property under construction (Note 14(b))	185,025	-
Transferred from property under construction (Note 15)	9,541	-
Capital expenditure on acquired properties	-	66
Fair value adjustment recognised in profit or loss (Note 6)	45,883	63,388
At 31 December	343,749	103,300
Fair value for financial reporting purposes		
Market value as estimated by the external valuer	343,749	103,300

The Group's completed investment properties consists of terrace shop offices and a shopping mall. The terrace shop offices are classified as Level 2 in the fair value hierachy. The shopping mall is classified as Level 3 in the fair value hierachy.

	Company
	2014
	RM'000
At 1 January	-
Transferred from property under construction (Note 15)	19,206
Fair value adjustment recognised in profit or loss (Note 6)	16,243
At 31 December	35,449
Fair value for financial reporting purposes	
Market value as estimated on comparable market evidence	35,449

The Company's completed investment properties consists of terrace shop offices. The terrace shop offices are classified as Level 2 in the fair value hierachy.

14. Investment properties (contd.)

(a) Completed investment properties (contd.)

Terrace shop offices

The fair values of the property is based on the valuation performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the categories of the investment property being valued. The basis of valuation adopted is the market value which is defined as the estimated amount for which a property should be exchanged on the date of valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at the market value, the valuer adopted the market comparison method. The market comparison method entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, terrain, size, age and condition of building(s), tenure, title restrictions, if any, and other relevant characteristics to arrive at the market value.

Shopping mall

The valuation technique used to determine the fair value is the market approach, adjusted for other unobservable inputs. Recent transactions and asking prices of similar property under construction as well as completed buildings in the larger locality were analysed for comparison purposes with adjustments made for differences in location, visibility/accessibility, age/condition of building, design and quality, tenure, size, title restrictions if any and other relevant characteristics to arrive at market value. As a check, the income approach was also used. This entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

The Group has subjected twenty units of terrace shop offices to a fixed charge as security for term loan (Note 28(i)).

The Group has subjected twelve units of terrace shop offices to a fixed charge as security for term loans and revolving credit facilities (Note 28(e) and (f)). The remaining fifteen units have been pledged as security for RCSLS issued (Note 28(o)).

The leasehold land with carrying value of RM5,410,000 (2013: RM5,410,000) included in the completed investment properties under construction has been pledged as security for bank loan (Note 28(f)).

14. Investment properties (contd.)

(b) Investment property under construction

	Group	
	2014 RM'000	2013 RM'000
Cost		
At 1 January	177,096	-
Transferred from property development cost (Note 17(b))	-	112,934
Capital expenditure	7,929	64,162
Transferred to completed investment properties	(185,025)	-
At 31 December	-	177,096

Included in investment property under construction is interest expense incurred during the financial year:

	Group	
	2014 RM'000	2013 RM'000
Interest expense (Note 7)	1,885	5,762

In previous reporting date, the leasehold land with carrying value of RM5,410,000 included in the investment property under construction has been pledged as security for bank loan (Note 28(f)).

As at previous reporting date, the fair value less cost to complete for the investment property under construction was RM192,660,000.

15. Property, plant and equipment

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
Cost:								
At 1 January 2013	4,097	3,623	4,545	3,483	240	-	10,823	26,811
Additions	3,240	258	372	5,009	129	5,070	992	15,070
Adjustments*	-	-	-	-	-	-	(2,274)	(2,274)
Disposals	(1,942)	-	-	(802)	-	-	-	(2,744)
Written off	-	(58)	(10)	-	-	-	-	(68)
Exchange differences	-	(7)	-	-	-	-	-	(7)
At 31 December 2013 and 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 (Note14 (a))	-	-	-	-	-	-	(9,541)	(9,541)
At 31 December 2014	4,141	4,357	4,910	15,203	369	5,070	-	34,050

* Relates to the revision of profit margin for Garden Office project upon completion during the current year, resulting in an adjustment to the unrealised profit eliminated.

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 2013	1,458	2,217	1,171	396	29	-	-	5,271
Charge for the year	972	287	469	1,034	28	76	-	2,866
Recognised in profit or loss (Note 8)	972	287	469	520	28	76	-	2,352
Capitalised in construction costs (Note 23)	-	-	-	514	-	-	-	514
Impairment loss (Note 8)	-	1	-	-	-	-	-	1
Disposals	(1,013)	-	-	(85)	-	-	-	(1,098)
Written off	-	(27)	(9)	-	-	-	-	(36)
Exchange differences	-	(3)	-	-	-	-	-	(3)
At 31 December 2013 and 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 23)	-	-	-	975	-	-	-	975
Disposals	(498)	(2)	-	-	-	-	-	(500)
At 31 December 2014	1,956	2,803	2,121	4,069	78	177	-	11,204
Group								
Net carrying amount								
At 31 December 2013	3,978	1,341	3,276	6,345	312	4,994	9,541	29,787
At 31 December 2014	2,185	1,554	2,789	11,134	291	4,893	-	22,846

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 2013	2,776	2,580	1,370	17,639	24,365
Additions	-	1,236	15	1,567	2,818
Disposals	-	(1,839)	-	-	(1,839)
Write off	(10)	-	(58)	-	(68)
At 31 December 2013 and 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 14(a))	-	-	-	(19,206)	(19,206)
At 31 December 2014	2,766	1,566	1,330	-	5,662
Accumulated depreciation:					
At 1 January 2013	746	1,074	692	-	2,512
Charge for the year (Note 8)	277	488	152	-	917
Disposals	-	(1,001)	-	-	(1,001)
Write off	(9)	-	(27)	-	(36)
At 31 December 2013 and 1 January 2014	1,014	561	817	-	2,392
Charge for the year (Note 8)	276	389	137	-	802
Disposals	-	(131)	-	-	(131)
At 31 December 2014	1,290	819	954	-	3,063
Net carrying amount					
At 31 December 2013	1,752	1,416	510	19,206	22,884
At 31 December 2014	1,476	747	376	-	2,599

15. Property, plant and equipment (contd.)

Capitalisation of borrowing costs

The Group's and the Company's property under construction include borrowing costs arising from bank loans specifically for the purpose of acquisition of the property. During the financial year, the borrowing costs capitalised as cost of property under construction amounted to nil (2013: RM413,000) (Note 7).

Asset held under finance leases

During the financial year, the Group and the Company acquired motor vehicles and plant and machinery with an aggregate cost of RM3,385,000 (2013: RM4,315,000) and nil (2013: RM948,000) respectively by means of finance leases. The cash outflow on acquisition of property, plant and equipments of the Group and of the Company amounted to RM4,681,000 (2013: RM10,755,000) and RM3,000 (2013: RM1,870,000) respectively.

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 RM7,996,000 (2013: RM7,534,000) and RM239,000 (2013: RM1,416,000) respectively.

Leased assets are pledged as security for the related finance lease liabilities (Note 28(p)).

Two units of terrace shop offices have been pledged to a fixed charge as security for term loans and revolving credit facilities (Note 28(f)).

16. Intangible assets

	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Group			
Cost:			
At 1 January 2013	197,003	1,839	198,842
Additions	-	252	252
Disposal	-	(625)	(625)
At 31 December 2013 and 1 January 2014	197,003	1,466	198,469
Additions	-	98	98
At 31 December 2014	197,003	1,564	198,567
Accumulated amortisation and impairment:			
At 1 January 2013	(172,499)	(813)	(173,312)
Impairment loss (Note 8)	-	(3)	(3)
Amortisation (Note 8)	-	(322)	(322)
Disposal	-	333	333
At 31 December 2013 and 1 January 2014	(172,499)	(805)	(173,304)
Amortisation (Note 8)	-	(294)	(294)
At 31 December 2014	(172,499)	(1,099)	(173,598)
Net carrying amount:			
At 31 December 2013	24,504	661	25,165
At 31 December 2014	24,504	465	24,969

16. Intangible assets (contd.)

	Computer software RM'000
Company	
Cost:	
At 1 January 2013	1,432
Disposal	(625)
At 31 December 2013 and 1 January 2014	807
Additions	6
At 31 December 2014	813
Accumulated amortisation:	
At 1 January 2013	(647)
Disposal	333
Amortisation (Note 8)	(224)
At 31 December 2013 and 1 January 2014	(538)
Amortisation (Note 8)	(162)
At 31 December 2014	(700)
Net carrying amount:	
At 31 December 2013	269
At 31 December 2014	113

Impairment testing for goodwill

Goodwill arising from business combinations have been allocated to the individual Group's cash-generating unit ("CGU") for impairment testing as follows:

- Property development segment
- Concessionaire segment

The carrying amounts of goodwill allocated to the CGU is as follows:

	2014 RM'000	2013 RM'000
Property development	24,504	24,504

As at reporting date, goodwill relating to the concessionaire segment has been fully impaired.

16. Intangible assets (contd.)

Key basis used in determining the recoverable amount:

(a) Property development

The recoverable amount of the CGU was previously determined based on the total budgeted gross development value ("GDV") of the Encorp Strand and Encorp Cahaya Alam projects. The Group believes that the value in use method using four-year cash flow projections from approved financial budgets better reflects the recoverable amount of the CGU.

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

	Property development segment 2014
Pre-tax discount rates	8%

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

Pre-tax discount rates - Discount rates reflect the current market assessment of the risk specific to the CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for the CGU, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

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.

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 statement of comprehensive income.

17. Land held for property development and property development costs

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Group			
At 31 December 2014			
Cost			
At 1 January 2014	19,898	32,062	51,960
Addition	605	-	605
Exchange differences	(449)	-	(449)
At 31 December 2014	20,054	32,062	52,116
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	13,758	32,062	45,820
At 31 December 2013			
Cost			
At 1 January 2013	20,784	32,062	52,846
Addition	750	-	750
Exchange differences	(1,636)	-	(1,636)
At 31 December 2013	19,898	32,062	51,960
Accumulated impairment losses			
At 1 January 2013	-	-	-
Impairment loss (Note 8)	(5,217)	-	(5,217)
Exchange differences	(31)	-	(31)
At 31 December 2013	(5,248)	-	(5,248)
Carrying amount			
At 31 December 2013	14,650	32,062	46,712

The freehold land held for property development with carrying amount of RM13,758,000 (2013: RM14,650,000) has been pledged as security for bank loan obtained (Note 28(k)).

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

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2014				
Cumulative property development costs				
At 1 January 2014	57,624	59,718	698,509	815,851
Costs incurred during the year	-	-	82,449	82,449
Unsold units transferred to inventories	(5,300)	-	(74,549)	(79,849)
Exchange difference	(333)	-	(1,000)	(1,333)
At 31 December 2014	51,991	59,718	705,409	817,118
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2014	(4,157)	(48,937)	(604,781)	(657,875)
Recognised during the year (Note 5)	(1,689)	(3,614)	(76,353)	(81,656)
At 31 December 2014	(5,846)	(52,551)	(681,134)	(739,531)
Property development costs at 31 December 2014	46,145	7,167	24,275	77,587
Group				
At 31 December 2013				
Cumulative property development costs				
At 1 January 2013	58,939	65,128	617,274	741,341
Costs incurred during the year	-	-	190,207	190,207
Transferred to investment property under construction	-	(5,410)	(107,524)	(112,934)
Unsold units transferred to inventories	-	-	(1,448)	(1,448)
Exchange difference	(1,315)	-	-	(1,315)
At 31 December 2013	57,624	59,718	698,509	815,851

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

(b) Property development costs (contd.)

Cumulative costs recognised in statement of comprehensive income				
At 1 January 2013	-	(40,505)	(399,877)	(440,382)
Recognised during the year (Note 5)	(4,157)	(8,432)	(204,904)	(217,493)
At 31 December 2013	(4,157)	(48,937)	(604,781)	(657,875)
Property development costs at 31 December 2013	53,467	10,781	93,728	157,976

Included in property development costs is interest expense incurred during the financial year:

	Group	
	2014 RM'000	**2013 RM'000**
Interest expense (Note 7)	4,307	4,225

The leasehold land held for development was purchased from PKNS in prior years as disclosed in Note 26(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 RM46,145,000 (2013: RM53,467,000) has been pledged as security for bank loan obtained (Note 28(j) and (k)).

The leasehold land under development with carrying value of RM5,918,000 (2013: RM5,918,000), has been pledged as security for bank loan obtained (Note 28(f)).

18. Investment in subsidiaries

	Company	
	2014 RM'000	**2013 RM'000**
Unquoted shares, at costs	295,960	295,960

18. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest held by non-controlling interests 2014	Proportion (%) of ownership interest held by non-controlling interests 2013
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 service provider	100	100	-	-
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd.							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construct Sdn. Bhd.	15,000	Malaysia	Property construction	100	100	-	-

18. 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 2014	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest held by non-controlling interests 2014	Proportion (%) of ownership interest held by non-controlling interests 2013
Subsidiary of Encorp Construct Sdn. Bhd.							
Encorp Trading Services Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-
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.	100	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.^	*	Malaysia	Property investment	100	100	-	-

18. 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 2014	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest held by non-controlling interests 2014	Proportion (%) of ownership interest held by non-controlling interests 2013
Subsidiaries of Red Carpet Avenue Sdn. Bhd.							
Etika Tranquerah Sdn. Bhd.^	#	Malaysia	Food and beverage	60	60	40	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
Subsidiary of Encorp Development Pty Ltd							
Tea Tree Development Pty. Ltd.^	+	Australia	Deregistered in current year	-	100	-	-

^ 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

18. Investment in subsidiaries (contd.)

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

On 8 October 2014, Encorp Development Sdn Bhd ("EDSB") increased its authorised ordinary share capital from RM2 to RM250,000 through the creation of 249,998 ordinary shares of RM1 each.

Concurrently, Encorp Must Sdn Bhd ("EMSB") increased its investment in EDSB from RM2 to RM250,000 by way of subscription of 249,998 ordinary shares of RM1 each by way of cash.

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

Deregistration of a subsidiary

On 6 August 2014, Tea Tree Development Pty Ltd was deregistered.

(b) Summarised financial information of Must Ehsan Development Sdn Bhd ("MEDSB") and its subsidiaries ("MEDSB Group") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Red Carpet Avenue Sdn. Bhd. Group of companies are not material to the Group.

(i) Summarised statements of financial position

	2014 RM'000	2013 RM'000
Non-current assets	360,324	336,660
Current assets	212,455	259,219
Total assets	572,779	595,879
Current liabilities	137,424	167,459
Non-current liabilities	131,681	138,504
Total liabilities	269,105	305,963
Net assets	303,674	289,916
Equity attributable to owners of the Group	305,595	291,278
Non-controlling interests	(1,922)	(1,362)

18. Investment in subsidiaries (contd.)

(b) Summarised financial information (contd.)

(ii) Summarised statements of comprehensive income

	2014 RM'000	2013 RM'000
Revenue	115,395	200,625
Profit for the year	13,757	120,832
Profit, representing total comprehensive income attributable to the owners of the Group	14,316	121,572
Profit, representing total comprehensive income attributable to the non-controlling interests	(560)	(740)

(iii) Summarised cash flows

Net cash (used in)/generated from operating activities	(3,017)	186,105
Net cash used in investing activities	(14,045)	(230,184)
Net cash generated from financing activities	6,655	36,937
Net decrease in cash and cash equivalents	(10,407)	(7,142)
Cash and cash equivalents at beginning of the year	39,325	46,467
Cash and cash equivalents at end of the year	28,918	39,325

(c) Financial support

The Company will provide financial support to its subsidiaries as and when necessary.

19. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade receivables (a)				
Third parties	73,152	85,686	70	70
Concession income receivables (b)	38,941	46,651	-	-
Retention sum on construction contracts	6,636	660	-	-
	118,729	132,997	70	70
Less: Allowance for impairment	(1,434)	(3)	(70)	-
	117,295	132,994	-	70
Other receivables				
Subsidiaries (c)	-	-	146,610	151,768
Deposits (d)	7,798	11,847	86	87
Sundry receivables	4,991	1,761	31	7
	12,789	13,608	146,727	151,862
Less: Allowance for impairment (Note 8)	-	-	(153)	(153)
Other receivable, net	12,789	13,608	146,574	151,709
	130,084	146,602	146,574	151,779
Non-current				
Trade receivables (a)				
Retention sum on construction contracts	3,356	2,126	-	-
Concession income receivables (b)	957,225	996,166	-	-
	960,581	998,292	-	-
Total trade and other receivables	1,090,665	1,144,894	-	151,779
Add: Cash and bank balances (Note 25)	48,047	79,805	2,870	8,495
Total loans and receivables	1,138,712	1,224,699	2,870	160,274

19. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 day (2013: 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 and of the Company's trade receivables are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Neither past due nor impaired	1,002,030	1,070,604
1 to 30 days past due not impaired	30,964	23,699
31 to 60 days past due not impaired	2,961	1,583
61 to 90 days past due not impaired	1,989	1,775
91 to 120 days past due not impaired	4,520	2,267
121 to 365 days past due not impaired	35,412	31,358
	75,846	60,682
Impaired	1,434	3
	1,079,310	1,131,289

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.

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM75,846,000 (2013: RM60,682,000) 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% (2013: 92%) relating to the concession income receivable. The entire concession income receivables are due from the Government of Malaysia (Note 36(a)).

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables - nominal amounts	1,079,310	1,131,289	70	70
Less: Allowance for impairment	(1,434)	(3)	(70)	-
	1,077,876	1,131,286	-	70

Movement in allowance accounts:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	3	-	-	-
Charge for the year (Note 8)	1,431	3	70	-
At 31 December	1,434	3	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.

19. Trade and other receivables (contd.)

(b) Concession income receivables

	Group	
	2014 RM'000	2013 RM'000
Concession income receivables accrued:		
Within 1 year	136,779	148,179
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	1,105,636	1,242,415
	1,789,532	1,937,711
Unearned interest income	(793,366)	(894,894)
	996,166	1,042,817
Concession income receivables analysed as:		
Due within one year	38,941	46,651
Due after one year	957,225	996,166
	996,166	1,042,817

The Group's normal trade credit term on concession income receivables is 21 (2013: 21 days).
The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 28(a).

(c) Subsidiaries

The amounts due from subsidiaries are unsecured and non-interest bearing and are repayable on demand except for the advances to a subsidiary which bears interest at 6% per annum.

(d) Deposits

In prior financial year, included in the deposit of the Group is an amount of RM5 million which represents an advance consideration paid according to the terms of a Joint Venture Agreement ("JVA") between Indi Makmur Sdn. Bhd. ("Indi Makmur"), Lunarhati Sdn. Bhd. ("Lunarhati") and Encorp Must Sdn. Bhd. ("EMSB"), a subsidiary of the Company on 2 April 2007.

On 2 April 2007, the Board granted approval to EMSB to enter into a JVA with Indi Makmur and Lunarhati to establish an unincorporated Joint Venture for the purpose of developing two parcels of lands into a mixed development comprising residential and commercial development. EMSB's contribution under the JVA is to:

i) undertake at its own costs and expenses, the development, building, construction works, payment of premium in respect of renewal of the approval for the alienation of the land and all other expenses payable in respect of the land held for intended development;

ii) provide the technical, commercial, financial and managerial expertise required to carry out and complete the intended development; and

iii) carry out the advertising and promotion of the development.

On 2 April 2012, the Board granted an approval to Indi Makmur and Lunarhati for an extension of time and variation to the JVA wherein the conditional period will be extended for a period of one year to 3 April 2013.

In current financial year, the deposit has been fully settled by Indi Makmur and Lunarhati.

20. Deferred tax

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

	As at 1 January 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2013 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2014 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	744	145	889	(274)	615
Progress billings	265,743	(18,190)	247,553	(8,813)	238,740
Trade payables	27	85	112	(21)	91
RCSLS	646	(589)	57	(57)	-
	267,160	(18,549)	248,611	(9,165)	239,446
Deferred tax assets:					
Tax losses and capital allowances	(253,506)	24,263	(229,243)	14,694	(214,549)
Loan and borrowings	(6,310)	(9,298)	(15,608)	(6,579)	(22,187)
Trade receivables	(64)	(108)	(172)	-	(172)
Provisions	(3,684)	(2,919)	(6,603)	(1,425)	(8,028)
Investment properties	-	(1,692)	(1,692)	2,294	602
	(263,564)	10,246	(253,318)	8,984	(244,334)
	3,596	(8,303)	(4,707)	(181)	(4,888)
Company					
Deferred tax liabilities:					
Property, plant and equipment	493	(145)	348	(348)	-
RCSLS	646	(589)	57	(57)	-
Investment properties	-	-	-	812	812
	1,139	(734)	405	407	812
Deferred tax assets:					
Tax losses and capital allowances	(220)	220	-	-	-
Provisions	(273)	(76)	(349)	349	-
	(493)	144	(349)	349	-
	646	(590)	56	756	812

20. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets	(7,746)	(7,550)	-	-
Deferred tax liabilities	2,858	2,843	812	56
	(4,888)	(4,707)	812	56

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	26,067	5,327	5,176	2,260
Unabsorbed capital allowances	5,340	2,407	2,231	2,180
Other deductible temporary difference - provisions	27,822	3,123	1,664	1,011

Unrecognised tax losses

At the reporting date, the Group and the Company have tax losses that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of tax losses of subsidiaries in other country is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective country in which the subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 13).

21. Inventories

	Group	
	2014 RM'000	2013 RM'000
Cost		
Properties held for sale	54,835	1,448
Food and beverages	47	77
	54,882	1,525
Net realisable value		
Properties held for sale	24,906	-
	79,788	1,525

22. Other current assets

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepayments	898	1,103	202	308
Accrued billings in respect of property development costs	78,968	105,944	-	-
Gross amount due from customers on contract (Note 23)	26,057	40,469	-	6,295
Deposit held in trust	139	5,969	-	-
	106,062	153,485	202	6,603

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Construction costs incurred to date	832,512	704,876	167,397	167,397
Attributable profits	37,296	32,623	3,415	3,415
Less: Provision for foreseeable losses	(31,119)	-	-	-
	838,689	737,499	170,812	170,812
Less: Progress billings	(841,020)	(701,996)	(170,812)	(164,517)
Amount due (to)/from customers on contract	(2,331)	35,503	-	6,295
Presented as:				
Gross amount due from customers on contract (Note 22)	26,057	40,469	-	6,295
Gross amount due to customers on contract (Note 27)	(28,388)	(4,966)	-	-
	(2,331)	35,503	-	6,295
Retention sum on construction contracts included in:				
- trade receivables	9,992	2,786	-	-
- trade payables	(10,700)	(16,527)	-	-

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

	Group	
	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment (Note 15)	975	514
Rental expenses	860	128
Employee benefits	24,966	16,135

24. Investment security

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fair value through profit or loss				
Money market investment security	108,300	115,808	69	2,555

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 RM107,000,000 (2013: RM107,152,000) is held in trust for the holders of the Sukuk Murabahah as disclosed in Note 28(a).

25. Cash and bank balances

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash on hand and at banks (a)	37,997	65,924	376	170
Deposits with:				
- licensed banks (b)	9,988	13,819	2,494	8,325
- a licensed corporation (c)	62	62	-	-
Cash and bank balances	48,047	79,805	2,870	8,495

(a) Included in cash at bank of the Group are the following:

(i) An amount of RM26,526,000 (2013: RM62,690,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations; and

(ii) An amount of RM62,000 (2013: RM62,000) held by a licensed corporation in trust for the holders of the Sukuk Murabahah as disclosed in Note 28(a).

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

(i) Deposits of RM1,774,000 (2013: RM1,765,000) pledged to a bank for credit facilities granted to a subsidiary;

(ii) Deposits of RM2,094,000 and RM4,237,000 (2013: RM8,325,000 and RM3,454,000) 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 RM283,000 (2013: RM275,000) pledged to a bank as security for credit facilities granted to a subsidiary (Note 28(b) and Note 28(e)).

25. Cash and bank balances (contd.)

(c) The deposit of RM62,000 (2013: RM62,000) is held by a licensed corporation in trust for the holders of the Sukuk Murabahah as disclosed in Note 28(a).

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	48,047	79,805	2,870	8,495
Less:				
Pledged/designated	(8,388)	(2,510)	(2,094)	(8,325)
Bank overdrafts	(4,178)	(10,554)	-	-
Cash and cash equivalents	35,481	66,741	776	170

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between three months 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% (2013: 2.7% to 3.3%) and 2.7% (2013: 2.7%) per annum respectively.

26. Trade and other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables				
Third parties (a)	31,308	38,639	-	-
Amount due to a corporate shareholder of a subsidiary (b)	31,091	31,091	-	-
Retention sums on construction contracts	5	4,810	-	-
	62,404	74,540	-	-
Other payables				
Subsidiaries (c)	-	-	11,700	12,509
Amounts due to:				
- a corporate shareholder of the Company (d)	-	4,828	-	4,820
Sundry payables	31,733	24,534	6,054	214
Accruals for construction costs	25,245	58,072	-	6,174
Provision for short-term accumulating compensated absences (e)	393	371	126	126
Other accruals	24,142	10,793	1,666	2,736
Deposits received in advance (f)	139	5,398	-	-
	81,652	103,996	19,546	26,579
	144,056	178,536	19,546	26,579

26. Trade and other payables (contd.)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Trade payables				
Retention sum on construction contracts	10,695	11,717	-	-
Amount due to a corporate shareholder of a subsidiary (b)	21,882	21,597	-	-
	32,577	33,314	-	-
Total trade and other payables	176,633	211,850	19,546	26,579
Add: Loans and borrowings (Note 28)	1,276,989	1,396,454	39,326	90,479
Total financial liabilities carried at amortised cost	1,453,622	1,608,304	58,872	117,058

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 60 days (2013: 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.

The outstanding amount is repayable to PKNS progressively in tandem with the progress billings issued to purchasers of the properties and is payable to PKNS within 2 weeks from the date of collection of the progress billings.

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

(d) In prior financial year, amount due to the former corporate shareholder of the Company, Lavista Sdn. Bhd., is non-interest bearing and is repayable on demand. The amount is unsecured and are to be settled in cash.

26. Trade and other payables (contd.)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of year	371	298	126	126
Recognised in statements of comprehensive income (Note 9)	22	73	-	-
At the end of year	393	371	126	126

(f) The deposits received in advance relate solely to the McCallum lane project. The project is completed in October 2014.

27. Other current liabilities

	Group	
	2014 RM'000	2013 RM'000
Progress billings in respect of property development costs	5,517	6,289
Gross amount due to customers for contract work (Note 23)	28,388	4,966
	33,905	11,255

28. Loans and borrowings

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Secured:				
Sukuk Murabahah	41,385	50,285	-	-
Bank overdraft 1	1,484	80	-	-
Bank overdraft 2	2,694	2,430	-	-
Bank overdraft 3	-	3,188	-	-
Bank overdraft 4	-	4,276	-	-
Bank overdraft 5	-	580	-	-
Term loan 1	4,018	4,033	-	-
Term loan 2	13,981	3,720	-	-
Term loan 3	6,040	1,586	-	-
Term loan 4	926	2,037	-	-
Term loan 5	1,707	1,704	1,707	1,704
Term loan 6	2,866	34,857	-	-
Term loan 7	-	8,789	-	-
Term loan 8	200	-	-	-
Bridging loan	14,000	94	-	-
Revolving credit 1	3,350	3,350	-	-
Revolving credit 2	12,500	10,000	-	-
Revolving credit 3	5,000	9,200	5,000	9,200
Revolving credit 4	10,000	1,400	10,000	1,400
RCSLS	342	1,920	342	1,920
Obligations under finance leases (Note 29(b))	2,211	1,841	87	325
	122,704	145,370	17,136	14,549
Non-current				
Secured:				
Sukuk Murabahah	987,275	1,028,661	-	-
Term loans 1	-	4,000	-	-
Term loans 2	99,662	101,754	-	-
Term loans 3	10,597	15,508	-	-
Term loans 4	-	1,111	-	-
Term loans 5	11,578	12,809	11,578	12,809
Bridging loan	30,772	20,483	-	-
RCSLS	10,506	62,214	10,506	62,214
Obligations under finance leases (Note 29(b))	3,895	4,544	106	907
	1,154,285	1,251,084	22,190	75,930
Total loans and borrowings	1,276,989	1,396,454	39,326	90,479

The remaining maturities of loans and borrowings as at 31 December 2014 are as follows:

On demand or within one year	122,697	145,370	17,136	14,549
More than 1 year and less than 2 years	111,661	85,360	12,326	3,873
More than 2 years and less than 5 years	252,872	269,796	5,120	65,159
5 years or more	789,759	895,928	4,744	6,898
	1,276,989	1,396,454	39,326	90,479

28. Loans and borrowings (contd.)

(a) Sukuk Murabahah

On 18 May 2012, the subsidiary issued Islamic Securities ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

(i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;

(ii) to fund the Trustees' Reimbursement Account; and

(iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 8.37% to 10.40% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

(i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;

(ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and

(iii) first ranking charge and assignment of the designated accounts which include:

- an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk Murabahah) are to be deposited and shall be operated solely by the Security Trustee; and

- a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk Murabahah falling due and payable and shall be solely operated by the Security Trustee.

The major covenants that are required to be complied by the subsidiary are as follows:

(i) to maintain a Finance Service Cover Ratio ("FSCR") of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and

(ii) to maintain an amount equivalent to the next immediate profit payment in the FSRA at least three 3 months prior to such profit payment due date.

(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 25(b)) and corporate guarantee provided by the Company.

28. Loans and borrowings (contd.)

(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) Bank overdraft 3

Bank overdraft 3 is denominated in RM, bears interest at BLR +1% per annum and is secured by assignment of contract proceeds in respect of contract by way of factoring agreement.

(e) Term loan 1 and revolving credit 1

The term loan 1 is at cost of funds + 1.5% per annum and revolving credit 1 of RM5 million 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 14(a)), assignment of rental proceeds and corporate guarantee provided by the Company.

(f) 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 14(a) and Note 15), leasehold land under development (Note 17(b) and Note 14(a)), assignment over the project account and debenture over fixed and floating charge.

(g) Term loan 3, bank overdraft 4 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 17(b)).

Bank overdraft 4 is denominated in RM, bears interest at BLR +1% per annum and is secured by corporate guarantee issued by the Company.

(h) Term loan 4

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.

(i) Term loan 5

The term loan 5 is at cost of funds + 1.25% per annum. This loan is secured by the Company's completed investment properties (Note 14(a)).

(j) Term loan 6 and bank overdraft 5

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.

Term loan 6 and bank overdraft 5 has been settled in the current financial year.

28. Loans and borrowings (contd.)

(k) Term loan 7

Term loan 7 is subject to an applicable interest rate of 90 day Bank Bill Swap Bid Rate of Australia plus 3.5% at year end. This obligation is secured by the following:

(i) unlimited guarantee and indemnity by the Company;
(ii) a first ranking, full recourse and all money general security agreement over the subsidiary's assets and undertakings;
(iii) the land at 15 Tea Tree Close, Cockburn, WA; and
(iv) a subordination deed of the Company's loan to the subsidiary.

(l) Term loan 8

The term loan 8 is at cost of funds + 1% per annum.

(m) Revolving credit 3

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

(n) Revolving credit 4

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

(o) 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 and 2014 RM'000
Face value of RCSLS	65,706
Equity component	
- Equity component, net of deferred tax	-
- Deferred tax liability	1,213
- Warrant reserve	3,640
	4,853
Liability component of RCSLS at initial recognition	60,853

	Group and Company	
	2014 RM'000	2013 RM'000
Liability component of RCSLS at initial recognition	60,853	60,853
Interest expense recognised in profit or loss:		
At 1 January	15,444	9,373
Recognised during the year (Note7)	3,191	6,071
At 31 December	18,635	15,444
Coupon paid:		
At 1 January	(10,811)	(6,899)
Paid during the year	(2,083)	(3,912)
At 31 December	(12,894)	(10,811)

28. Loans and borrowings (contd.)

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

	Group and Company	
	2014	2013
	RM'000	RM'000
Conversion of RCSLS	(55,746)	(1,352)
Liability component at 31 December	10,848	64,134

The Company had on 17 March 2011 issued the renounceable rights issue 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.

28. Loans and borrowings (contd.)

(o) 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 is secured by a legal charge over fifteen units of terrace shop offices (Note 14(a)).

(p) Obligations under finance leases

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

29. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	-	1,576	-	-
Property under construction	-	-	-	7,648
Approved but not contracted for:				
Property, plant and equipment	-	1,943	-	-

29. Commitments (contd.)

(b) Finance lease commitments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum lease payments:				
Not later than 1 year	2,506	2,140	91	376
Later than 1 year and not later than 2 years	2,239	1,954	45	345
Later than 2 years and not later than 5 years	1,888	2,921	68	628
Total minimum lease payment	6,633	7,015	204	1,349
Less: Amounts representing finance charges	(527)	(630)	(11)	(117)
Present value of finance lease liabilities	6,106	6,385	193	1,232
Present value of minimum payments:				
Not later than 1 year	2,211	1,841	87	325
Later than 1 year and not later than 2 years	2,072	1,762	41	311
Later than 2 years and not later than 5 years	1,823	2,782	65	596
	6,106	6,385	193	1,232
Less: Amount due within 12 months (Note 28)	(2,211)	(1,841)	(87)	(325)
Amount due after 12 months (Note 28)	3,895	4,544	106	907

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 4.0% (2013: 2.5% to 4.0%) and 2.5% to 2.9% (2013: 2.5% to 2.9%) per annum.

29. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not later than 1 year	566	425	140	389
Later than 1 year but not later than 5 years	1,698	1,275	419	1,167
More than 5 years	-	-	-	-
	2,264	1,700	559	1,556

(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	
	2014 RM'000	2013 RM'000
Not later than 1 year	7,719	1,901
Later than 1 year but not later than 5 years	11,139	970
	18,858	2,871

30. Share capital, share premium and treasury shares

	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 2013	223,508,536	(5,386,000)	223,509	102,435	325,944	(4,559)
Transactions with owners						
Issuance of ordinary shares:						
- Conversion of RCSLS	1,346,900	-	1,347	5	1,352	-
At 31 December 2013 and 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	278,644,716	(5,386,000)	278,645	103,044	381,689	(4,559)

	Number of ordinary shares of RM1 each		Amount	
	2014	2013	2014 RM'000	2013 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.

Significant event

During the 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.

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

b) Treasury shares (contd.)

As at 31 December 2014, the Company held as treasury shares a total of 5,386,000 of its 278,644,716 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,559,005.

Subsequent event

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.

31. Other reserves

	Warrant reserve (a) RM'000	Foreign currency translation reserve (b) RM'000	Total RM'000
Group			
At 1 January 2013	3,640	2,247	5,887
Other comprehensive income			
Foreign currency translation	-	(3,294)	(3,294)
At 31 December 2013 and 1 January 2014	3,640	(1,047)	2,593
Foreign currency translation	-	(980)	(980)
Exercise of warrants	-*	-	-
At 31 December 2014	3,640	(2,027)	1,613
Company			
At 1 January 2013, 31 December 2013 and 1 January 2014	3,640	-	3,640
Exercise of warrants	-*	-	-
31 December 2014	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.

32. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 under the single tier system.

33. Financial guarantees

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

- corporate guarantees of RM3,229,000 (2013: RM1,335,000) given to suppliers in favour of credit terms granted to a subsidiary.

- corporate guarantees given to banks of RM121,512,000 (2013: RM95,764,000) for credit facilities granted to subsidiaries.

- corporate guarantees given to a financial institution of RM5,388,000 (2013: RM3,542,000) 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.

34. 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:

	2014 RM'000	2013 RM'000
Group		
Sales of properties under development to the directors of the Company (i)	(1,403)	(6,098)
Legal service from a firm related to a director of the Company	-	59
Motor vehicles transferred to former directors of the Company as a token of appreciation (Note 10)	-	838

34. Related party disclosures (contd.)

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

Company

Management fees charged to subsidiaries (ii):		
- Encorp Construct Sdn. Bhd.	(2,160)	(2,100)
- Encorp Must Sdn. Bhd.	(1,116)	(1,752)
- Encorp Trading Services Sdn. Bhd.	-	(300)
- Encorp Systembilt Sdn. Bhd.	(816)	(1,392)
- Must Ehsan Development Sdn. Bhd.	(600)	(600)
- Encorp Development Sdn. Bhd.	(1,152)	(672)
- Encorp Iskandar Development Sdn. Bhd.	(1,164)	(1,536)
- Encorp Strand Mall Sdn. Bhd.	(1,800)	(60)
Rental payable to subsidiaries (iii):		
- Must Ehsan Development Sdn. Bhd.	-	57
- Encorp Strand Mall Sdn. Bhd.	540	171
Coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. (iv)	(2,320)	(2,478)
Progress billing in respect of construction work performed by a subsidiary	6,174	28,368
Motor vehicles transferred to former directors of the Company as a token of appreciation (Note 10)	-	838

(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 2014 and 31 December 2013 are disclosed in Notes 19 and 26.

34. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	1,289	5,059	1,123	3,868
Social security costs	1	4	1	3
Contributions to defined contribution plans	108	582	108	435
Other staff related expenses	173	162	49	124
	1,571	5,807	1,280	4,430

Included in the total remuneration of key management personnel is:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' remuneration (Note 10)	984	2,504	984	2,456

35. Fair value of financial assets

A. Fair value of financial assets that are carried at fair value

The following table shows an analysis of financial assets carried at fair value by level of fair value hierarchy:

	Significant observable inputs (Level 2)			
	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets measured at fair value:				
Completed investment properties	138,749	103,300	35,449	-
Investment securities carried at fair value through profit or loss (Note 24)	108,300	115,808	69	2,555

	Significant observable inputs (Level 3)	
	Group	
	2014 RM'000	2013 RM'000
Assets measured at fair value:		
Completed investment properties	205,000	-

Highest and best use

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

B. 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)	19
Cash and bank balances	25
Trade and other payables (non-current and current)	26
Loans and borrowings (non-current and current)	28

35. Fair value of financial assets (contd.)

B. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (contd.)

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.

36. 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.

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

(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 19. Apart from this, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2014		2013	
	RM'000	% of total	RM'000	% of total
By industry sectors				
Concessionaire sector	996,166	92%	1,042,817	92%
Construction sector	20,944	2%	22,809	2%
Property development sector	60,315	6%	65,056	6%
Investment property	1,338	-	49	-
Other sector	547	-	558	-
	1,079,310	100%	1,131,289	100%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19. 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.

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

(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.

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				
2014				
Financial liabilities:				
Trade and other payables	144,057	34,729	-	178,786
Loans and borrowings	220,537	721,947	1,163,541	2,106,025
Total undiscounted financial liabilities	364,594	756,676	1,163,541	2,284,811

36. 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
2013				
Financial liabilities:				
Trade and other payables	178,536	38,972	-	217,508
Loans and borrowings	249,203	792,107	1,300,989	2,342,299
Total undiscounted financial liabilities	427,739	831,079	1,300,989	2,559,807
Company				
2014				
Financial liabilities:				
Trade and other payables	19,546	-	-	19,546
Loans and borrowings	17,428	23,042	-	40,470
Total undiscounted financial liabilities	36,974	23,042	-	- 60,016
2013				
Financial liabilities:				
Trade and other payables	26,579	-	-	26,579
Loans and borrowings	16,541	79,901	-	96,442
Total undiscounted financial liabilities	43,120	79,901	-	123,021

(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 RM231,000 (2013: RM240,000) 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.

36. 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 RM663,000 (2013: RM5,969,000) 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	
		2014 RM'000	**2013 RM'000**
AUD/RM	- strengthened 1% (2013: 1%)	(64)	(53)
	- weakened 1% (2013: 1%)	64	53

37. 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 2014 and 31 December 2013.

37. Capital management (contd.)

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. Capital includes RCSLS, equity attributable to the owners of the parent.

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loans and borrowings	28	1,276,989	1,396,454	39,326	90,479
Trade and other payables	26	176,633	211,850	19,546	26,579
Less: RCSLS	28	(10,848)	(64,134)	(10,848)	(64,134)
Less: Sukuk	28	(1,028,660)	(1,078,946)	-	-
Less: Cash and bank balances	25	(48,047)	(79,805)	(2,870)	(8,495)
Less: Investment security	24	(108,300)	(115,808)	(69)	(2,555)
Net debt		257,767	269,611	45,085	41,874
RCSLS	28	10,848	64,134	10,848	64,134
Equity attributable to the owners of the parent		384,517	328,776	424,152	371,431
Total capital		395,365	392,910	435,000	435,565
Capital and net debt		653,132	662,521	480,085	477,439
Gearing ratio		39%	41%	9%	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.

38. 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.

38. Segment information (contd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Construction contracts RM'000	Property development RM'000	Investment property RM'000	Others * RM'000	Adjustment and eliminations RM'000		Per consolidated financial statements RM'000
2014									
Revenue									
External customers	-	101,527	78,233	144,301	4,807	1,517			330,385
Inter-segment	18,376	-	40,910	496	665	-	(60,447)	A	-
Total revenue	18,376	101,527	119,143	144,797	5,472	1,517	(60,447)		330,385
Results:									
Interest income	175	3,784	144	2,395	-	8	-		6,506
Interest expense	4,511	101,593	1,567	3,640	5,920	86	(1,877)		115,440
Depreciation and amortisation	1,137	-	2,395	134	84	171	101		4,022
Impairment of land held for development	-	-	-	1,196	-	-	-		1,196
Rental income	84	-	-	-	213	-	(84)		213
Other non-cash income	2,331	-	152	1,718	547	14	(2,268)	B	2,494
Fair value gain on investment property	16,243	-	-	-	42,758	-	(13,118)		45,883
Segment profit/(loss)	10,001	3,487	(34,251)	26,645	26,572	(1,340)	(17,174)		13,940
Assets:									
Additions to non-current assets	35,458	-	7,585	605	205,592	1	(23)	C	249,218
Segment assets	579,843	1,115,097	89,104	693,943	324,058	12,417	(852,551)	D	1,961,911
Segment liabilities	74,662	1,034,939	116,958	440,280	285,676	15,932	(478,059)	E	1,490,388

38. Segment information (contd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Construction contracts RM'000	Property development RM'000	Investment property RM'000	Others * RM'000	Adjustment and eliminations RM'000		Per consolidated financial statements RM'000
2013									
Revenue									
External customers	-	104,866	82,569	342,516	488	5,996	-		536,435
Inter-segment	28,433	-	118,586	185,054	464	3,358	(335,895)	A	-
Total revenue	28,433	104,866	201,155	527,570	952	9,354	(335,895)		536,435
Results:									
Interest income	520	3,083	124	1,021	-	8	-		4,756
Interest expense	6,833	108,947	425	2,598	-	24	-		118,827
Depreciation and amortisation	1,291	-	1,006	124	90	163	-		2,674
Impairment of land held for development	-	-	-	5,217	-	-	-		5,217
Other non-cash income	2,419	81	246	1,744	311	-	(3,186)	B	1,615
Fair value gain on investment property	-	-	-	-	-	-	-		-
Segment profit/(loss)	(15,861)	(1,129)	2,917	69,698	12,306	(1,759)	49,758		115,930
Assets:									
Additions to non-current assets	3,088	-	6,970	104,462	26	330	4,496	C	119,372
Segment assets	596,308	1,162,600	98,433	740,512	260,206	8,114	(821,676)	D	2,044,497
Segment liabilities	146,667	1,085,929	92,036	511,889	249,345	11,011	(464,748)	E	1,632,129

38. 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	2014 RM'000	2013 RM'000
Reversal of accured expenses	6	-	120
Bad debts recovered		6	322
Foreign exchange gain - realised		-	91
Finance income - other liabilities at amortised costs		886	89
Other income		1,573	931
Gain on disposal of property, plant and equipment		29	62
		2,494	1,615

C Additions to non-current assets consist of :

Property, plant and equipment	15	8,066	15,070
Intangible assets	16	98	252
Investment properties	14	240,449	103,300
Land held for property development	17	605	750
		249,218	119,372

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	2014 RM'000	2013 RM'000
Deferred tax assets	20	7,746	7,550
Tax recoverable		6,332	1,394
Inter-segment assets		(866,629)	(830,620)
		(852,551)	(821,676)

38. 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	2014 RM'000	2013 RM'000
Loans and borrowings	28	1,276,989	1,396,454
Current tax payable		3	9,727
Deferred tax liabilities	20	2,858	2,843
Inter-segment liabilities		(1,757,909)	(1,873,772)
		(478,059)	(464,748)

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	338,395	489,923	423,018	367,366
Australia	(8,010)	46,512	14,366	14,694
	330,385	536,435	437,384	382,060

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

	Note	2014 RM'000	2013 RM'000
Property, plant and equipment	15	22,846	29,787
Intangible assets	16	24,969	25,165
Land held for property development	17(a)	45,820	46,712
Completed investment property	14(a)	343,749	103,300
Investment property under construction	14(b)	-	177,096
		437,384	382,060

39. Litigation

Encorp Construct Sdn Bhd ("ECSB"), a wholly-owned subsidiary of Encorp Construction & Infrastructure Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, had on 13 November 2014, served a Notice of Arbitration on Lembah Penchala Sdn Bhd ("LPSB") to refer the disputes and differences in relation to ECSB's claims against LPSB to arbitration pursuant to the provisions of the Conditions of Contract.

LPSB is the employer who has awarded ECSB the construction and completion of main contract works for "Cadangan pembangunan 4 blok pangsapuri servis 13 tingkat (409 unit) dan 3 aras besmen tempat letak kereta berserta surau, gimnasium, spa dan sauna, dewan, kafe, mini market di atas Lot PT 1425, Jalan PJU 1A/20, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan" ("Contract").

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

- General damages;
- ECSB's claims of RM68,672,466.38 arising from LPSB's wrongful termination of the Contract;
- Refund of proceeds from encashment of Performance Bond in the sum of RM9,042,500.00 or such other sum released by the bank;
- Financing charges;
- ECSB's entitlement to extensions of time; and
- Costs.

The arbitration proceeding is not expected to have a material impact on the financial position of the Group for the financial year ended 31 December 2014.

40. Supplemental information

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 and 31 December 2013 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	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	216,931	276,913	24,825	40,860
- Unrealised	109,422	63,947	18,557	4,194
	326,353	340,860	43,382	45,054
Less: Consolidation adjustments	(320,579)	(337,414)	-	-
Total retained earnings as per financial statements	5,774	3,446	43,382	45,054

LIST OF PROPERTIES

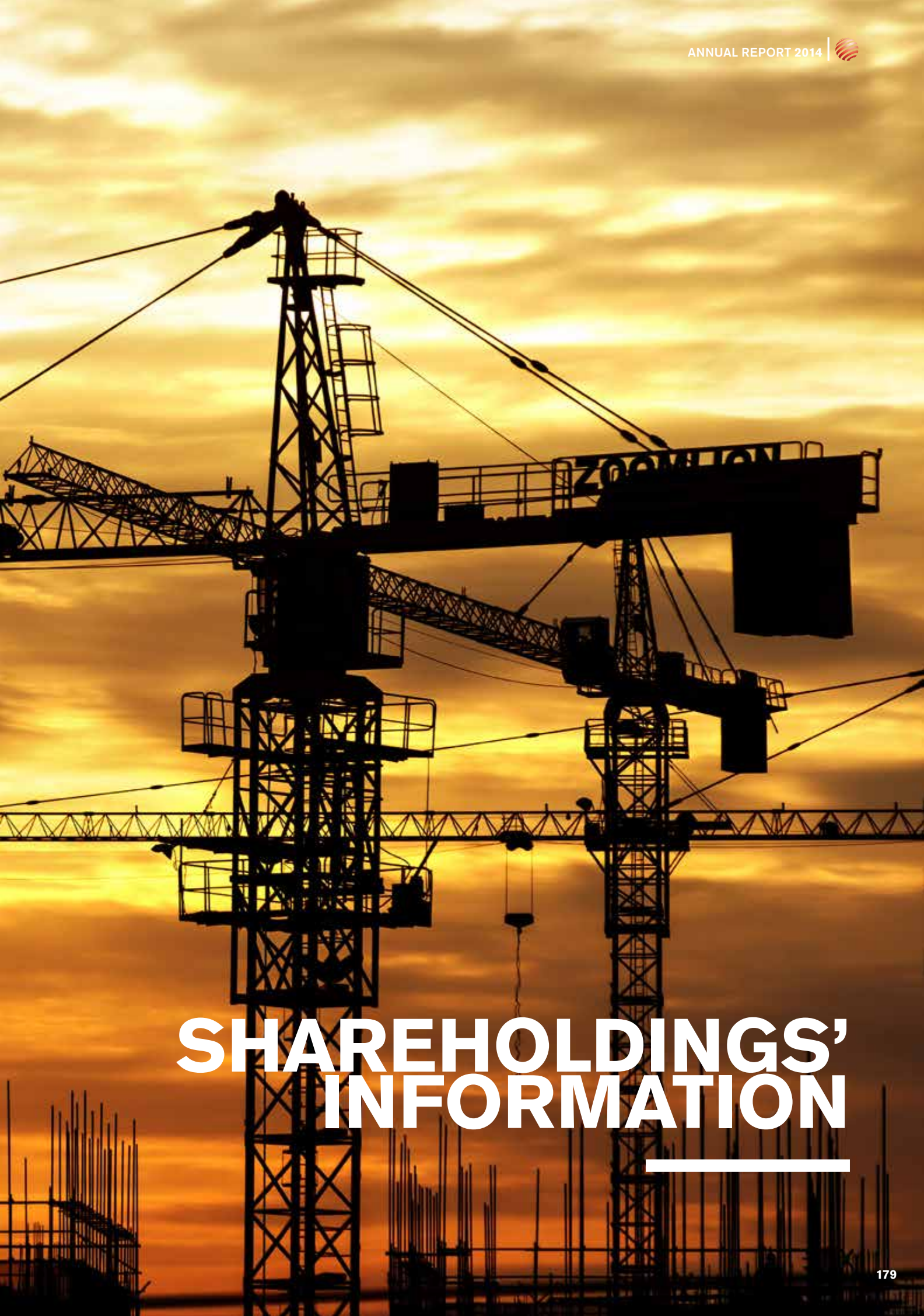
LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.14 (RM'000)	YEAR OF ACQUISI-TION
Property Held				
Garden Office (Block P), Kota Damansara, Selangor Darul Ehsan on PT 10563 HS(D) 251908, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	20 units of office suites (99 years lease expiring on 14/11/2107)	3,992	35,449	2010
Completed Investment Property				
Red Carpet Avenue	29 units terrace shop offices	15,130	116,000	2013
Encorp Strand Mall	3 storey retail center with 4 storey elevated carpark and 1 level basement carpark	132,441	205,000	2013
Inventories				
PN 81890 Lot 4028 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	3 storey shop offices	173	1,132	2000
Garden Office, Kota Damansara, Selangor Darul Ehsan on PT 10563 HS(D) 251908, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	48 units of office suites (99 years lease expiring on 14/11/2107)	8,284	54,997	2000
Overseas Inventories				
67 Canning Highway, Victoria Park, Australia being Lots 5, 14, 26, 27 & 28 on Strata Title Plan 63339	Freehold land held for property development	3,522	24,906	2010
Properties Under Development & Land Held for Development				
PN 83272 – 83283 Lot 5341 – 5362 , PN 83286 – 83293 Lot 5355 – 5362, PN 83313 – 83314, Lot 5383 – 5384, PN 83316 – 83323 Lot 5385 – 5392, PN 83334 – 83339 Lot 5403 – 5408, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 28/03/2104)	11,456	2,269	2000

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.14 (RM'000)	YEAR OF ACQUISITION
PN 81947 – 81965 Lot 4084 – 4101, 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 81994 – 82018 Lot 4127 – 4151, PN 82019 – 82048 Lot 4152 – 4185, PN 82049 Lot 4187, PN 82051 – 82063 Lot 4189 – 4200, PN 82083 – 82092 Lot 4201 – 4210, PN 82093 – 82172 Lot 4211 – 4290, PN 82174 – 82178 Lot 4291 – 4295, PN 82186 – 82193 Lot 4296 – 4302, PN 82196 – 82250 Lot 4307 – 4360, PN 82251 – 82270 Lot 4362 – 4381, PN 82272 – 82280 Lot 4382 – 4390, PN 82282 – 82302 Lot 4391 – 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	Land held for property development (99 years lease expiring on 22/03/2104 & 25/03/2104)	55,533	8,717	2000
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	2,542	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 – 8675 Lot 4744 – 4748, PN 82677 – 82690 Lot 4749 – 4762, PN 82692 – 82696 Lot 4763 – 4767, PN 82699 – 82732 Lot 4768 – 4801, PN 82733 – 82852 Lot 4802 – 4921, PN 83748 – 83750 Lot 4732 – 4743, PN 82854 – 82946 Lot 4924 – 5016, 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)	65,610	10,299	2000
PN 81867 Lot 4006, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	19,119	3,001	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	4,783	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	2,721	2000
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	25,890	2012

Overseas Properties Under Development & Land Held for Development

15 Tea Tree Close Cockburn Central, Perth, Australia	Freehold land held for property development	11,000	14,650	2012





SHAREHOLDINGS' INFORMATION

SHAREHOLDINGS' INFORMATION

Analysis of Shareholdings as at 21 April 2015

Authorised Share Capital : RM500,000,000.00
Issued and Paid-up Share Capital : RM278,644,716*
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	% of Shareholdings
1 – 99	80	3.99	661	0.00
100 – 1,000	248	12.38	199,700	0.07
1,001 – 10,000	1,298	64.77	5,214,133	1.87
10,001 – 100,000	317	15.82	11,370,596	4.09
100,001 – less than 5% of issued shares	59	2.94	23,984,400	8.62
5% and above of issued shares	2	0.10	237,489,226	85.35
Total	**2,004**	**100.00**	**278,258,716**	**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	14.38	–	–
Azhar bin Mohd Awal	–	–	40,000,000 ②	14.38
Azman Hanafi bin Abdullah	–	–	40,000,000 ②	14.38

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	Shareholdings			
	Direct No. of Shares	%	Indirect No. of Shares	%
YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad	–	–	–	–
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	–	–	–	–
Datuk Haji Jaafar bin Abu Bakar	–	–	–	–
Dato' Haji Zakaria bin Nordin	–	–	–	–
Dato' Feroz bin A S Moidunny	–	–	–	–
Abdul Rahim bin Abdul Hamid	–	–	–	–
Mohd Zaid bin Abdul Jalil	–	–	–	–

List of 30 Largest Shareholders As at 21 April 2015

No.	Name	No. of Shares	%
1.	Felda Investment Corporation Sdn. Bhd.	197,489,226	70.97
2.	Anjakan Masyhur Sdn. Bhd.	40,000,000	14.38
3.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teh Swee Heng (MM1118)	2,131,700	0.77
4.	Datuk (Dr) Philip Ting Ding Ing	1,974,500	0.71
5.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Chuan (8059299)	1,558,100	0.56
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.	Chew Kean Huat	1,000,000	0.36
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (740028152)	929,200	0.33
10.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Chee Meng (Margin)	850,000	0.31
11.	Yahya Talla	824,100	0.30
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Swee Kong (8059204)	753,400	0.27

13.	Ng Long Tiang	680,000	0.24
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	525,400	0.19
15.	Mohd Isa bin Ismail	511,600	0.18
16.	KAF Trustee Berhad KIFB for TMF Trustees Malaysia Berhad (for Susannah Family Trust)	505,000	0.18
17.	Amanahraya Trustees Berhad Amanah Saham Sarawak	500,000	0.18
18.	CIMSEC Nominees (Asing) Sdn. Bhd. CIMB Bank for Lim Geok Eng Mary (MY0955)	478,500	0.17
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Geok Eng Mary	412,000	0.15
20.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Kiah Yeow (Margin)	400,000	0.14
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	342,000	0.12
22.	Teo Yong Fong	337,000	0.12
23.	Supang Lian @ Supang Tala	334,100	0.12
24.	Chew Wee San	300,000	0.11
25.	Lee Boon Leng	300,000	0.11
26.	Lee Kay Huat	300,000	0.11
27.	Leow Kit Keong	288,600	0.10
28.	Rozairie Aida binti Mohamed Sam	274,500	0.10
29.	Kuah Hui Suan	272,900	0.10
30.	Destinet Sdn. Bhd.	241,600	0.09
	Total	**256,648,226**	**92.23**

Analysis of Redeemable Convertible Secured Loan Stocks (RCSLS) Holdings As at 21 April 2015

Total Number of RCSLS Issued : 65,706,060
Total Number of Outstanding RCSLS : 10,570,080
Issue Price of RCSLS : at 100% of the nominal value of the RCSLS of RM1.00 each
Conversion of RCSLS : RM1.00 nominal value of RCSLS for one (1) new Encorp Share

Size of RCSLS Holdings	No. of RCSLS Holders	%	No. of RCSLS	% of RCSLS Holdings
1 – 99	16	7.21	665	0.01
100 – 1,000	76	34.23	45,565	0.43
1,001 – 10,000	110	49.55	361,350	3.42
10,001 – 100,000	16	7.21	359,100	3.40
100,001 – less than 5% of issued RCSLS	2	0.90	527,500	4.99
5% and above of issued RCSLS	2	0.90	9,275,900	87.76
Total	**222**	**100.00**	**10,570,080**	**100.00**

List of Directors' RCSLS Holdings

Directors	RCSLS Holdings			
	Direct No. of RCSLS	%	Indirect No. of RCSLS	%
YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad	–	–	–	–
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	–	–	–	–
Datuk Haji Jaafar bin Abu Bakar	–	–	–	–
Dato' Haji Zakaria bin Nordin	–	–	–	–
Dato' Feroz bin A S Moidunny	–	–	–	–
Abdul Rahim bin Abdul Hamid	–	–	–	–
Mohd Zaid bin Abdul Jalil	–	–	–	–

List of 30 Largest RCSLS Holders As at 21 April 2015

No.	Name of RCSLS Holders	No. of RCSLS	%
1	Felda Investment Corporation Sdn. Bhd.	8,709,700	82.40
2.	Teo Yong Fong	566,200	5.36
3.	Maybank Nominees (Tempatan) Sdn. Bhd. Chow Ho	307,500	2.91
4.	Eu Mui @ Ee Soo Mei	220,000	2.08
5.	Teoh Mei Chen	45,500	0.43
6.	Tan Wei Meann Magdalene	38,700	0.37
7.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (8058967)	32,700	0.31
8.	Life Enterprise Sdn. Bhd.	28,300	0.27
9.	Chan Huan Leng	26,000	0.25
10.	Tan Swee Kun	26,000	0.25
11.	Chuah Hock Seng @ Chuah Teong Kok	20,600	0.19
12.	Low Keng Boon @ Lau Boon Sen	20,000	0.19
13.	Manjeet Kaur A/P Bachan Singh	20,000	0.19
14.	Lai Yee Lon	19,600	0.19
15.	Lai Jium Yie	18,000	0.17
16.	Tan Khay Tien	17,000	0.16
17.	Maybank Nominees (Tempatan) Sdn.Bhd. Khoo Siew Lean	13,000	0.12
18.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Joseph Salang Anak Gandum (M05)	12,500	0.12
19.	Tan Cheng Giap	11,000	0.10
20.	Chew Hee Nge	10,200	0.10
21.	Kang Get Nee	10,000	0.09
22.	Lee Hai	10,000	0.09
23.	Lee Hai	10,000	0.09
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Tan Kim Tian	10,000	0.09

25.	Tan Ah Kow @ Tan Chee Lin	10,000	0.09
26.	Tan Kim Tian	10,000	0.09
27.	Ang Eng Lock	9,000	0.09
28.	Cheong Kiang Wah	8,750	0.08
29.	Teoh Boon Han @ Teong Boon Hong	7,900	0.07
30.	Wong Fook Kan	6,500	0.06
	Total	**10,254,650**	**97.02**

Analysis of Warrants Holdings As at 21 April 2015

Total Number of Warrants Issued : RM32,853,030
Outstanding Warrants : RM32,852,830
Exercise Price of Warrants : RM1.00

Size of Warrants Holdings	No. of Warrants Holders	%	No. of Warrants	% of Warrants Holdings
1 – 99	46	11.62	1,739	0.01
100 – 1,000	125	31.57	61,561	0.19
1,001 – 10,000	109	27.53	553,525	1.68
10,001 – 100,000	90	22.73	3,183,250	9.69
100,001 – less than 5% of issued RCSLS	24	6.06	7,694,800	23.42
5% and above of issued RCSLS	2	0.51	21,357,955	65.01
Total	**396**	**100.00**	**32,852,830**	**100.00**

List of Directors' Warrants Holdings

Directors	Warrants Holdings			
	Direct No. of Warrants	%	Indirect No. of Warrants	%
YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad	–	–	–	–
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	–	–	–	–
Datuk Haji Jaafar bin Abu Bakar	–	–	–	–
Dato' Haji Zakaria bin Nordin	–	–	–	–
Dato' Feroz bin A S Moidunny	–	–	–	–
Abdul Rahim bin Abdul Hamid	–	–	–	–
Mohd Zaid bin Abdul Jalil	–	–	–	–

List of 30 Largest Warrants Holders As at 21 April 2015

No.	Name of Warrants Holders	No. of Warrants	%
1.	Felda Investment Corporation Sdn. Bhd.	18,903,455	57.54
2.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (8058967)	2,454,500	7.47
3.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Shaiha binti Mahmud @ Mohd Ali (REM 851-Margin)	1,337,000	4.07
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Teh Swee Heng (MM1118)	1,052,150	3.20
5.	Kelvin Teh Wei Loon	580,000	1.77
6.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Soon Yin	500,000	1.52
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Cheah Chee Siong (MY1891)	442,200	1.35
8.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yasmine Binti Mohd Zamirdin (Margin)	303,500	0.92
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Muhammad Danish Bin Abdullah Manoharan	300,000	0.91
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Swee Kong (8059204)	295,000	0.90
11.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Tiew Kung (8048141)	292,300	0.89
12.	Chong Soon Yin	265,300	0.81
13.	Low Jun Ho	250,000	0.76
14.	Teo Yong Fong	250,000	0.76
15.	Leow Kit Keong	220,000	0.67
16.	Ng Ho Fatt	210,000	0.64
17.	Azuadi Bin Zaharin	194,400	0.59
18.	Michele Geraldine Kessler	178,950	0.54
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	152,800	0.47
20.	Harbendar Kaur A/P Nashter Singh	148,200	0.45
21.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Cheoh Soon (E-KLG)	146,200	0.45

22.	Kong Foong Ming	125,000	0.38
23.	Lam Kam Yin	123,100	0.37
24.	Lee Joo Eng	116,500	0.35
25.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yoong Sin Kuen (MY1568)	107,200	0.33
26.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chu Say Beaw (CHU0248C)	105,000	0.32
27.	Lee Yoke Chai	100,000	0.30
28.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Lee Eng	100,000	0.30
29.	Goh Ten Fook	96,900	0.29
30.	Soh Tong Hwa	95,700	0.29
	Total	**29,445,355**	**89.63**



Encorp Strand Mall

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. Rationale for Renewal of Authority from Shareholders of the Company to enable the Company to Purchase and/or hold up to Ten Percent (10%) of its Issued and Paid-Up Share Capital Pursuant to Section 67A of the Companies Act, 1965 ("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.

3. Retained Profits and Share Premium

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2014, the retained profits and share premium account of the Company stood at RM43,382,000 and RM103,044,000 respectively.

4. 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.

5. Direct and Indirect Interest of the Directors and Substantial Shareholders in the Proposal Renewal of Authority for Share Buy-Back

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of Encorp as at 21 April 2015 on the assumption that shares purchased from shareholders other than the Directors are set out below:

Scenario I : Assuming that none of RCSLS are converted and none of the Warrants are exercised

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	–	–	–	–	–	–	–	–
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	–	–	–	–	–	–	–	–
Datuk Haji Jaafar bin Abu Bakar	–	–	–	–	–	–	–	–
Dato' Haji Zakaria bin Nordin	–	–	–	–	–	–	–	–
Dato' Feroz bin A S Moidunny	–	–	–	–	–	–	–	–
Abdul Rahim bin Abdul Hamid	–	–	–	–	–	–	–	–
Mohd Zaid bin Abdul Jalil	–	–	–	–	–	–	–	–

Scenario II : Assuming that all outstanding RCSLS and Warrants are converted and exercised into Encorp Shares

Directors	Before Proposed Renewal of Authority for Share Buy-Back				Proforma I : Assuming full conversion of RCSLS and full exercise of warrants				After Proforma I and Proposed Renewal of Authority for Share Buy-Back ①			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of	%	No. of Shares	%	No. of Shares	%	No. of	%	No. of	%
YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad	–	–	–	–	–	–	–	–	–	–	–	–
YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid	–	–	–	–	–	–	–	–	–	–	–	–
Datuk Haji Jaafar bin Abu Bakar	–	–	–	–	–	–	–	–	–	–	–	–
Dato' Haji Zakaria bin Nordin	–	–	–	–	–	–	–	–	–	–	–	–
Dato' Feroz bin A S Moidunny	–	–	–	–	–	–	–	–	–	–	–	–
Abdul Rahim bin Abdul Hamid	–	–	–	–	–	–	–	–	–	–	–	–
Mohd Zaid bin Abdul Jalil	–	–	–	–	–	–	–	–	–	–	–	–

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 April 2015 on the assumption that Shares are purchased from shareholders other than the substantial shareholders are set out below:

Scenario I : Assuming that none of the RCSLS are converted and none of the Warrants are exercised

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	14.38	–	–	40,000,000	15.95	–	–
Azhar bin Mohd Awal	–	–	40,000,000 ②	14.38	–	–	40,000,000 ②	15.95
Azman Hanafi bin Abdullah	–	–	40,000,000 ②	14.38	–	–	40,000,000 ②	15.95

Scenario II : Assuming that all outstanding RCSLS and Warrants are converted and exercised into Encorp Shares

Substantial Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				Proforma I : Assuming full conversion of RCSLS and full exercise of warrants				After Proforma I and Proposed Renewal of Authority for Share Buy-Back #			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn Bhd	197,489,226	70.97	–	–	225,102,381	69.98	–	–	225,102,381	77.66	–	–
Federal Land Development Authority	–	–	197,489,226 ①	70.97	–	–	225,102,381 ①	69.98	–	–	225,102,381 ①	77.66
Anjakan Masyhur Sdn. Bhd.	40,00,000	14.38	–	–	40,000,000	12.43	–	–	40,000,000	13.80	–	–
Azhar bin Mohd Awal	–	–	40,000,000 ②	14.38	–	–	40,000,000 ②	12.43	–	–	40,00,000 ②	13.80
Azman Hanafi bin Abdullah	–	–	40,000,000 ②	14.38	–	–	40,000,000 ②	12.43	–	–	40,00,000 ②	13.80

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.

6. 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 2 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.

7. 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 asset per share (NA), 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 Encorp 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 April 2015 and assuming the Encorp Shares so purchased are cancelled are set out below:

Scenario I : Assuming that none of the RCSLS are converted and none of the Warrants are exercised

Scenario II : Assuming that all outstanding RCSLS and Warrants are converted and exercised into Encorp Shares

	Scenario I No. of Encorp Shares	Scenario II No. of Encorp Shares
Existing issued and paid-up share capital as at 21 April 2015	278,644,716	278,644,716
To be issued pursuant to:		
– full conversion of RCSLS	–	10,570,080
– full exercise of Warrants	–	32,852,830
Enlarge issued and paid-up share capital	278,644,716	322,067,626
Treasury shares as at 21 April 2015	(386,000)	(386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(27,478,472)	(31,820,763)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	250,780,244	289,860,863

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 2014 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 5 above for further details on the shareholding structure of Directors and substantial shareholders of the Company.

8. 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.

9. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

In the preceding twelve (12) months and as at 21 April 2015, the Company resold 5,000,000 shares held as treasury shares. As per the Record of Depositors as at 21 April 2015, a total of 386,000 shares were held as treasury shares :-

Date of Resold	No. of Shares resold	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Total Sale Proceeds (RM)
12/2/2015	5,000,000	1.10	1.10	1.10	5,490,550.00

10. Public Shareholding Spread

As at 21 April 2015, 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.

11. 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.

12. 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.

13. 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of ENCORP BERHAD will be held at Banquet Hall 3, Level B2, Menara FELDA, Platinum Park, No. 11 Persiaran KLCC, 50088 Kuala Lumpur on Wednesday, 24 June 2015 at 4.00 p.m, for the following purposes:

Agenda

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.	(Ordinary Resolution 1)
2.	To approve the payment of Directors' fees for the financal year ended 31 December 2014.	(Ordinary Resolution 2)
3.	To approve the payment of Directors' fees for the financial year ending 31 December 2015, to be payable on a quarterly basis in arrears.	(Ordinary Resolution 3)
4.	To re-elect the following Directors who retire in accordance with Article 88 of the Articles of Association of the Company: (a) YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad (b) YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid (c) Datuk Haji Jaafar bin Abu Bakar (d) Dato' Haji Zakaria bin Nordin (e) Abdul Rahim bin Abdul Hamid (f) Mohd Zaid bin Abdul Jalil	 (Ordinary Resolution 4) (Ordinary Resolution 5) (Ordinary Resolution 6) (Ordinary Resolution 7) (Ordinary Resolution 8) (Ordinary Resolution 9)
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 10)

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 11)

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 12)
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 May 2015**	

	"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 May 2015) 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 13)
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 May 2015

Explanatory Notes to Special Business:

1. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

The above Ordinary Resolution 11 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 11, 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 Fourteenth Annual General Meeting held on 25 June 2014 and which will lapse at the conclusion of the Fifteenth Annual General Meeting ("15th AGM") to be held on 24 June 2015.

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 12 is intended to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 25 June 2014. 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 Resolution 13, 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 to related parties. The details of the proposal are set out in the Circular to Shareholders dated 29 May 2015 which is circulated together with the Annual Report 2014.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 June 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 15th 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 Fifteenth Annual General Meeting of the Company.

PROXY FORM

No. of shares held	

(Company No. 506836-X)
(Incorporated in Malaysia)

I/We_____NRIC No._____

of_____

being a member /members of ENCORP BERHAD, hereby appoint_____

of_____or failing him, _____

of_____or failing him the Chairman of the Meeting as my / our proxy to vote for me / us and on my / our behalf at the Fifteenth Annual General Meeting ("15th AGM") of the Company, to be held at Banquet Hall 3, Level B2, Menara FELDA, Platinum Park, No. 11 Persiaran KLCC, 50088 Kuala Lumpur on Wednesday, 24 June 2015 at 4.00 p.m., and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2014 together with Reports of the Directors and Auditors thereon		
2.	Approval of Directors' Fees for the financial year ended 31 December 2014		
3.	Approval of Directors' Fees for the financial year ending 31 December 2015, to be payable on quarterly basis in arrears		
4.	Re-election of YB Tan Sri Haji Mohd Isa bin Dato' Haji Abdul Samad as Director		
5.	Re-election of YB Datuk Noor Ehsanuddin bin Mohd Harun Narrashid as Director		
6.	Re-election of Datuk Haji Jaafar bin Abu Bakar as Director		
7.	Re-election of Dato' Haji Zakaria bin Nordin as Director		
8.	Re-election of Abdul Rahim bin Abdul Hamid as Director		
9.	Re-election of Mohd Zaid bin Abdul Jalil as Director		
10.	Re-appointment of Messrs Ernst & Young as Auditors and authority to the Directors to fix the Auditors' remuneration		
11.	Authority for Directors to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
12.	Proposed renewal of authority for share buy-back		
13.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3 of the Circular to Shareholders dated 29 May 2015		

(Please indicate with (√) or (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote as he thinks fit or abstain from voting at his discretion).

As witness my / our hand(s) this_____day of_____2015. Signature_____

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 June 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 15th 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.*

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



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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