ENCORP
BERHAD
(506836-X)

ANYTHING BUT ORDINARY

Delivering the ENCORP Experience

ANNUAL REPORT 2012

DELIVERING THE ENCORP EXPERIENCE

The Encorp Experience is about being "Anything but Ordinary". We aim to be better than the norm, to be great, remarkable. To be anything but commonplace. It is reflected in every facet of our organisation and shines through in all our deliveries.

Our products, services, people and processes are governed by our core values and mission. As Encorp continues with our Good to Great (G2G) journey, we are committed to delivering the highest quality and standards in all our products and services to provide value to our stakeholders.

Innovation is central in all our undertakings, an integral part of being "Anything but Ordinary". We keep innovating every single day, to deliver on the most effective products, services and processes for the constantly evolving needs of the marketplace.

At Encorp, we believe in keeping our word. We believe in delivering on promises to the marketplace.

The Encorp Experience is a holistic approach to life. One which epitomises ideas that make a difference and become an inspiration. It hinges on mutual recognition, rewards, trust and respect. It is about being keen, eager, optimistic and energetic.

The Encorp Experience brings all these values and ideals to the forefront of delivery and thereby delivers the "Anything but Ordinary" experience to the world.

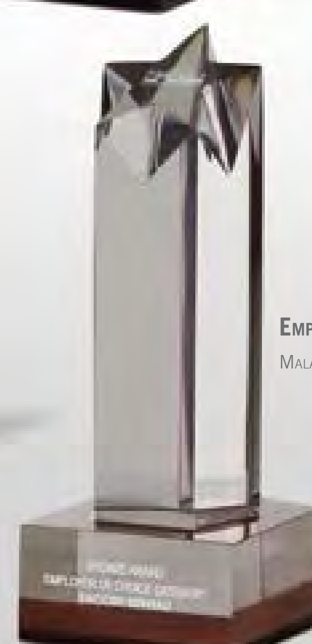
RECOGNITION OF DELIVERING THE ENCORP EXPERIENCE

Mixed Use Development
Asia Pacific Property Awards 2011

Outstanding Entrepreneurship Award
Asia Pacific Entrepreneurship Awards (APEA) 2012

Value Creation Excellence Award 2010
The Edge-Peps

Corporate Responsibility Awards 2010
StarBiz ICR



Employer of Choice Award
Malaysia HR Awards 2012

THANK YOU

Most Eminent Brand Iconic Leadership Award
BrandLaureate Award 2012

Sarawak Chamber of Commerce and Industry Overall Excellence Award
SCCI Annual Corporate Report Award 2012

1Malaysia Social Responsibility Award
1Malaysia Enterprise Awards 2012

Special Organisation Achievement Award
Malaysia Achievement Awards 2012

1Malaysia People Choice Award
1Malaysia Enterprise Awards 2012

HR Leader of the Year Award
Malaysia HR Awards 2012

Sijil Qlassic
CIDB Malaysia

1Malaysia Master Leader Award
1Malaysia Enterprise Awards 2012

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We keep innovating every single day, to deliver the most effective products, services and processes for the constantly evolving needs of the marketplace.


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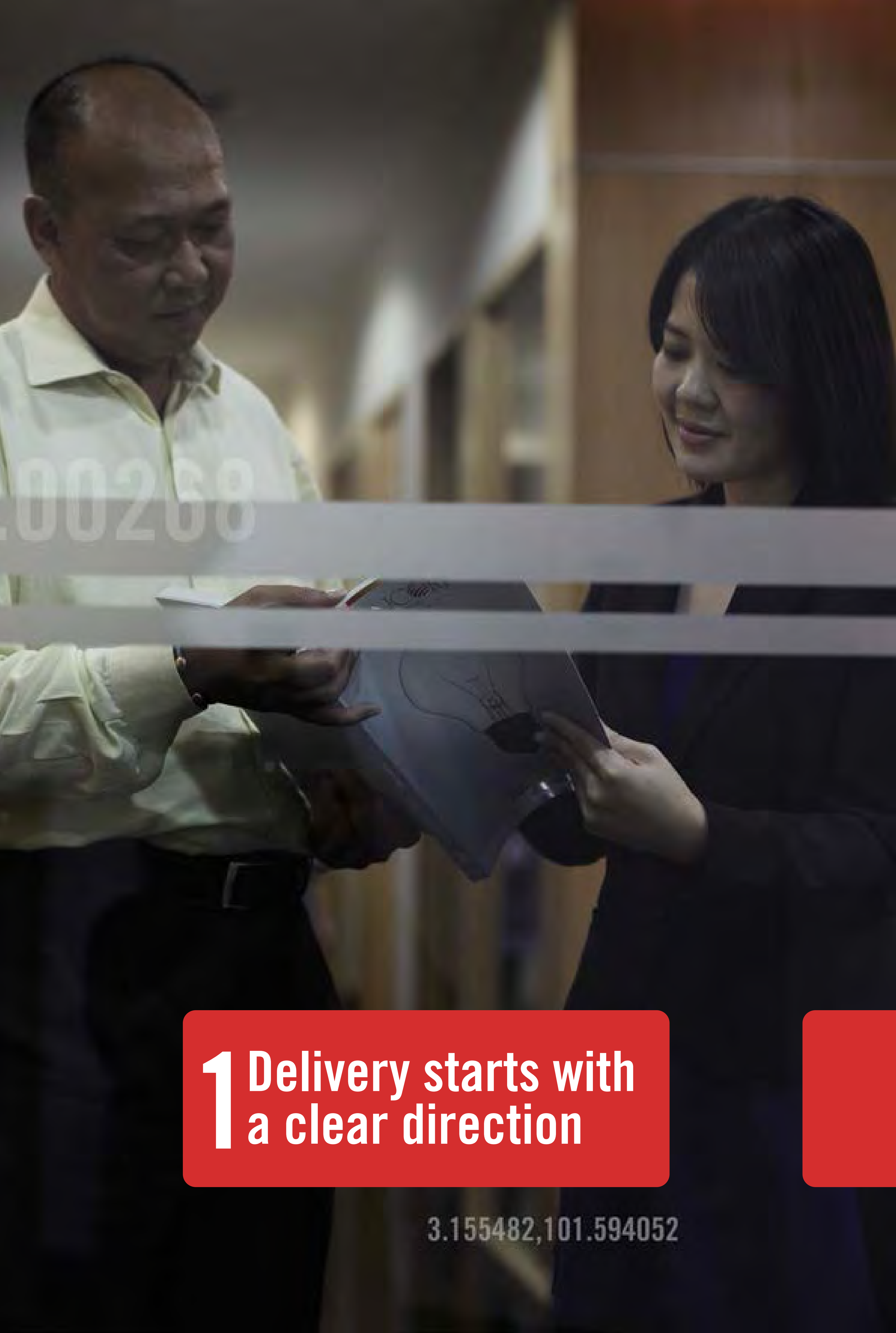


1 Delivery starts with a clear direction

MESSAGE FROM EXECUTIVE CHAIRMAN

Valued Shareholders, on behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Encorp Berhad for the financial year ended 31 December 2012.

2012 was the Year of Delivering for Encorp Berhad, where the team has done an outstanding job not just in delivering, but exceeding expectations of our customers and clients. We believe this is what Encorp will be known for in the market place.

Our delivery on all fronts is for me a huge step forward in our Good to Great (G2G) journey as the team endeavored to bring to life the "Anything but Ordinary" philosophy as they "delivered".

ENCORP TEAM DELIVERS

Throughout 2012 the Encorp team exhibited an unwavering commitment and dedication to the highest standards of delivery. Encorp's QSVS – Quality, Standards, Value and Services – was the guiding principle that pulled the team together, leading them to produce results that garnered positive response in each and every property launch.

DELIVERING BEYOND WHAT'S PROMISED

A wonderful illustration of Encorp's QSVS in action was when we sold out both Towers of Encorp Marina at Puteri Harbour within hours of launch – allowing us to set new benchmarks in pricing and value creation. This success is the result of our offering a product of innovative design and confidence in our seriousness to quality that will result in appreciation of a buyer's investment. This will be the Encorp's trademark for all our future projects.

The Encorp team also continued to delight customers, by completing projects in 2012 ahead of schedule:

1. Magnolia in Encorp Cahaya Alam was completed a full one year ahead of schedule and we have been awarded a Quality Assessment System in Construction (Qlassic) score of 75 percent by CIDB under Category C (Public Building) where the average Qlassic score is 66.58 percent. (Do note that the QLassic requirement is not provided in our SOP – doing this demonstrates we deliver beyond our promise).

2. Camellia 2 in Encorp Cahaya Alam was delivered two months ahead of schedule and received an 83 percent Qlassic score.

VALUE APPRECIATION

These certifications by the Construction Industry Development Board (CIDB) of Malaysia are indicative of the team's highest standards of delivery commitment and continue to be further concrete evidence of Encorp's "Anything but Ordinary" philosophy. More importantly, our customers are delighted because our high-end delivery on QSVS has resulted in 30 percent appreciation in property value for Magnolia since its launch in 2010.

SUSTAINABILITY - OUR CORE PRINCIPLE

Encorp is also mindful of its need to be a responsible and sustainable business by embedding a Sustainability roadmap into our business strategy. In 2012, we published Encorp's inaugural 2011 Sustainability Report which was geared towards the anticipated Bursa Malaysia's Environmental, Social and Governance (ESG) Index to facilitate better engagement with our stakeholders.

ENCORP'S "ANYTHING BUT ORDINARY" TEAM

Our successes in 2012 were only possible because we have an extraordinary team of people who worked Encorp's carefully thought out processes. Living, breathing and working Encorp's philosophy of "Anything but Ordinary" is second nature to us, and this has transferred onto our emphasis on innovation and value creation within our QSVS delivery.

At the core of it all is our commitment to our people. The people who form the Encorp team have all the support expected of a Great Company so that they can perform to the best of their abilities within a workplace which values innovation.

Equally important are our customers and clients. When we build a housing development, we immerse ourselves in the community. Every property development presents the opportunity to connect with the community and play a central role in the enhancing their quality of life.

VALIDATION OF ENCORP'S DELIVERY STANDARDS

As a result of achieving the highest delivery standards in 2012, Encorp received a number of external validations:

1. Outstanding Entrepreneurship Award at the Asia Pacific Entrepreneurship Awards (APEA) 2012;

2. Most Eminent Brand Iconic Leadership Award at the Brand Laureate Award 2012;

3. Employer of Choice Award (Bronze) and HR Leader of the Year Award (Silver) at the Malaysia HR Awards 2012;

4. Sarawak Chamber of Commerce and Industry's Overall Excellence Award (Main Winner) at the SCCI Annual Corporate Report Award 2012;

5. 1Malaysia Master Leader Award, 1Malaysia People Choice Award and 1Malaysia Social Responsibility Award at the 1Malaysia Enterprise Awards 2012; and

6. Special Organisation Achievement Award at the Malaysia Achievement Awards 2012.

These validations serve to inspire us even more to build a world-class company which respects its stakeholders, treats team members with dignity and delivers on promises to customers while supporting our providers and genuinely caring for the environment and community.

ENCORP'S GOOD TO GREAT JOURNEY IN 2013

Encorp's Good to Great (G2G) journey, our roadmap to excellence which began in 2010, is encapsulated in:

1. The G2G Roadmap

2. The Distinct Capabilities Plan

Driving these are the latest Human Resource Information System (HRIS) and Customer Relationship Management Information System (CRMIS) we have put in place. We aim to achieve No 1 in QSVS in 2013 and to further engage with business partners, stakeholders and customers utilising CRM activities online and on the ground. The focus is on delivering our brand promise.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2012, the Group's Revenue for the twelve months was on an uptrend at RM396.5 million compared to RM289.9 million for the corresponding period in 2011. Overall, Encorp registered a Profit Before Tax of RM42.2 million and a Profit After Tax of RM24.6 million for the financial year ended 31 December 2012.

Encorp shareholders were rewarded for their confidence in our continued performance when we declared an interim dividend of 2 sen per Ordinary share on 23 May 2012. On 27 February 2013, the Board of Directors recommended a final dividend of 2 sen per Ordinary share for the financial year ended 31 December 2012. The final dividend is subject to approval of shareholders at our Annual General Meeting.

Encorp Systembilt Sdn Bhd, a wholly-owned subsidiary of the Group, also completed a Sukuk Murabahah Issue of RM1,575 million in May 2012. The result was net cash proceeds of RM93 million which will be utilised for capex and working capital requirements for ongoing projects and future investments undertaken by the Group.

ACKNOWLEDGEMENTS

As we move forward into 2013, I wish to thank all our stakeholders for their continued support of our G2G journey.

Thank you to our Board of Directors, Management team and all staff of Encorp for your commitment, dedication and consistency in delivering the Encorp Experience. Our people are the reason why we are able to not just meet expectations, but exceed them.

With our continued efforts to exceed expectations by adhering to our QSVS motto, I am confident that the Encorp team, building on our "Anything but Ordinary" philosophy, will continue with our forward momentum in the highest delivery standards in all our property developments and business processes.

DATO SRI MOHD EFFENDI BIN NORWAWI
Executive Chairman

Every single one of our property developments is the outcome of a rigorous effort to set a new benchmark in innovation and design.

GROUP CEO'S OPERATIONS REVIEW

The year 2012 was a tumultuous one for the global economy. The impact of the Eurozone crisis led to a global economy teetering on the brink of a major downturn.

Within Malaysia, the Malaysian Government and Bank Negara did an exemplary job with implementing macroeconomic policies to shape the economic landscape of the country. International organisations such as the International Monetary fund lauded the sound macroeconomic policies. Malaysia recorded GDP of 5.6 percent in 2012, up from 5.1 percent in 2011.

Economists noted that private investment provided strong support for domestic demand, underpinned by implementation of projects under the Economic Transformation Programme (ETP) and various economic corridors at Iskandar Malaysia, East Coast Economic Region, Sabah Development Corridor, Northern Corridor Economic Region and Sarawak Corridor of Renewable Energy.

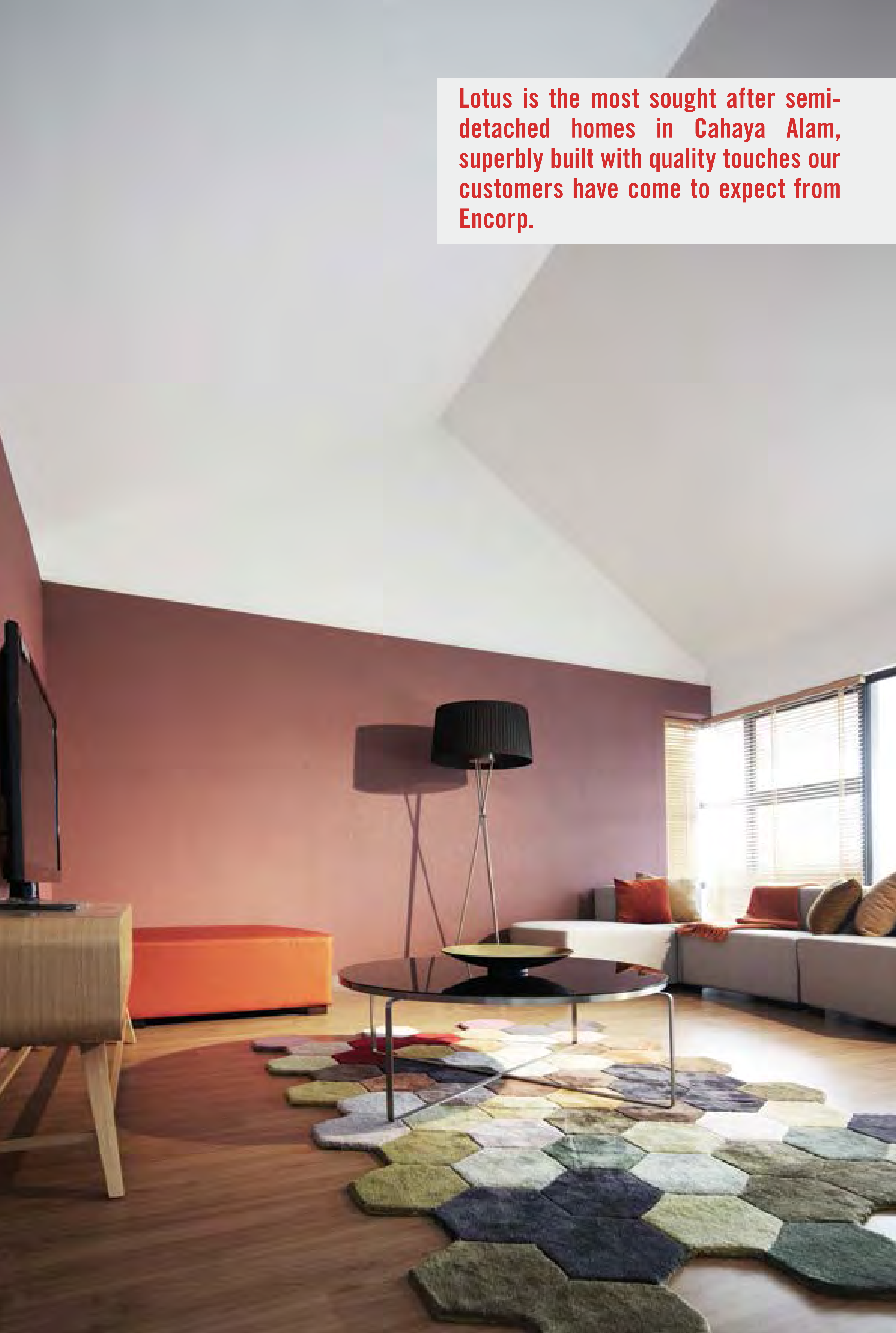
The growth of the corridors have given Encorp the opportunities to expand its developments in these areas.

As Group Chief Executive Officer, I am fortunate to have a committed, highly talented and dedicated team of employees here at Encorp. The ethos of achieving the highest standards of Quality, Standards, Value and Services (QSVS) has been present in every facet of delivery – from building innovative buildings to servicing the communities it houses with that special Encorp signature touch.

The hunger for challenge at Encorp resulted in a consistent ability to think of exciting and innovative concepts. Our delivery doesn't just stop at creating world class buildings. Innovation in design was at the forefront of all our developments from Encorp Strand Mall, Encorp Cahaya Alam and Encorp Marina Puteri Harbour. We have been consistent in delivery of innovative buildings for communities, be it for work or play.

Consistency is only possible when an organisational culture which is clear about its vision, goals and objectives. Encorp has always been committed to being a Great Company, and thus our Good to Great (G2G) approach was initiated years ago with a roadmap which embedded our "Anything but Ordinary" approach in all processes and methodologies. We are all about exceeding our promises to deliver quality products coupled with an impressionable personalised customer experience.

Lotus is the most sought after semi-detached homes in Cahaya Alam, superbly built with quality touches our customers have come to expect from Encorp.



Our ethos of QSVS within the G2G roadmap provides a clear direction for the Encorp team to focus their delivery on. All operational activities are driven by a consistent desire to create value. The Encorp brand is all about inspiring trust. Thus delivering on our promises and exceeding expectations is what we do to earn your trust.

The Encorp team works very hard on delivery – the reason we are able to exceed expectations is because we set the bar high. Our goal always, is to enable our customers to enjoy a high quality of life whilst benefiting from the capital appreciation of their investments. In 2012, we realized all of this and more through our various projects. The current price of our signature developments, which represent an appreciation of price that we sold to the public at launch, is evidence of this. As an example, when the Residences were launched in 2011 in Encorp Strand Kota Damansara, its price was RM700 per square feet. Within one year, its value has now appreciated to RM900 per square feet.

For the financial year ended 31 December 2012, Encorp posted an uptrend Revenue at RM396.5 million compared to RM289.9 million for the corresponding period in 2011. Overall, Encorp registered a Profit Before Tax of RM42.2 million and a Profit After Tax of RM24.6 million.

DEVELOPMENT UPDATES

In 2012, our various development activities resulted in several milestones on each of signature property.

1. Encorp Strand Kota Damansara

Constantly looking to add innovations which offer value to our purchasers, we upgraded the design of units at the Residences at Encorp Strand, offering purchasers more for the same price. Thus, we redesigned the layout to suit more exacting consumer tastes, as well as fitted all homes with Smart Home technology without additional cost to the purchasers.

With regard to Encorp Strand Mall, I am happy to report that we now have as our anchor tenants, TGV Cinemas and Pure Jatomi. For today's discerning urban residents, entertainment and fitness is the main lifestyle choice they seek. We have also confirmed 13 restaurants and cafes, well known to food enthusiasts in Malaysia, two fashion branded stores, and five service-based outfits. Additionally, there are 17 specialty stores. In 2013, we will continue firming up our tenant list in preparation for its launch later in the year.

By focusing on innovations which focused on creating a unique ambience and experience within a diverse tenant mix, we have created a mall for everyone in the family to benefit from – a truly integrated lifestyle experience within a retail setting. The Encorp team is looking forward to presenting our one-of-a-kind shopping mall to all in the last quarter of 2013.

We also moved forward in other aspects of Encorp Strand Kota Damansara. Construction for Encorp Strand Garden Office is on schedule as are the Residences at Encorp Strand.

2. Encorp Cahaya Alam

Encorp Cahaya Alam is our development in Section U12, Shah Alam. A low density mixed township development, it embodies the spirit of wholesome family living within a lush green landscape coupled with a green spine of 800 meters which brings its residents back to nature. The 209 acre enclave has a number of different parcels on site, each with unique, distinctive features.

In 2012, we launched three parcels of Encorp Cahaya Alam's multi-façade link house Frangipani 3, and semi-detached homes in Lotus 2 and Lotus 3. We had overwhelming response to these launches.

Frangipani 3 is a cluster of 58 three-storey terrace courtyard homes with six unique façade designs. It is based on an open concept style of living within lush tropical surroundings with 21st century smart home necessities such as structural readiness for high speed broadband and home alarm system. All units in Frangipani have been snapped up by discerning purchasers since its launch in June 2012.

Lotus 2 was also launched in June. These two-storey and three-storey semi-detached homes come in three designs – one for the two-storey and two for the three-storey. A number of them feature a dual frontage design which overlooks the lakeside. The Encorp team leveraged on this to build a special AV room offering tranquil views of the lake to maximise the family experience within a spacious and harmonious atmosphere. Since launch, we have almost fully sold all 36 units. We also had a soft launch for Lotus 3 for another 36 units in October. Even at this preliminary stage, we have received encouraging response from the public.

As a result of our robust QSVS methodologies and processes, the Encorp team completed two projects in 2012 ahead of schedule. In April, we completed Camellia 2 at Encorp Cahaya Alam two months ahead of schedule. The development also obtained an 83 percent rating for the Quality Assessment System in Construction (Qlassic) ratings. These ratings was one of the Top 3 in Malaysia and we are truly appreciative of this independent validation of the Encorp team's ability to deliver fast and with high quality.

Similarly, Magnolia in Encorp Cahaya Alam was also completed one year ahead of schedule in December. Built with the same exacting QSVS standards as all our other development industries, Magnolia was awarded a Qlassic score of 75 percent where the average Qlassic score is 66.58 percent.

3. Encorp Marina Puteri Harbour

In 2012, one of the Encorp property launches I found personally exciting was Encorp Marina Puteri Harbour. We styled it as Encorp's "360 degrees of perfection". The unique concept and design of this development has attracted many international buyers. All units were sold within an hour or two. The launch is evidence of the confidence from both local and international buyers in the Encorp Brand.

THE RESIDENCES ON McCALLUM LANE. PERTH, AUSTRALIA

Encorp Marina Puteri Harbour is located in Nusajaya, within the new city of Iskandar Malaysia in Johor. Close by to Singapore, and world-class attractions such as Legoland, Johor Premium Outlets, Hello Kitty indoor theme park, 6 international standard golf courses, education enclave and an integrated network of educational and medical facilities, it is prime for investors looking for a home away from home, or even those who are willing to spend a little time traveling to work.

We plan to further increase our landbank reserves both in Malaysia and the Asean region, bearing in mind potential developments which will continue to reap rewards for our shareholders.

Nothing in Encorp is ordinary and with regard to Puteri Harbour, the Encorp team came up with some innovative design that was very well received including a provisional Green Building Index (GBI) certified building a truly extraordinary one.

Dedicated sailors can moor their yacht in the marina and enjoy stunning views of the Straits of Johor from our Sky Suites – spacious units with high ceilings and an intuitive design flow from one room to the next, each with its own magnificent vantage views. Luxe living has been catered to with international standard finishing and fittings with built-in Smart Home broadband connectivity. Dedicated concierge services, private shops and recreational spaces form part of the overall development.

The two iconic Towers were designed by award-winning architects from Singapore and nestle within an abundance of facilities which will cater to everyone's lifestyle desires and needs. It has a beautifully landscaped park, four themed swimming pool decks, a sun protected tennis court and children's playground, Yoga and Tai Chi deck, a

Jack Nicklaus designed putting and chipping golf green, gymnasium, squash court, BBQ deck and an exclusive clubhouse.

We launched 199 units of Tower 1 in October in Singapore and sold all of them within an hour of launch. A further 372 units of Tower 2 was launched in November and all of these were also snapped up within two hours of the launch. Both Towers were launched with a new benchmark price per square feet. Encorp Marina Puteri Harbour truly is another milestone in Malaysia's property scene!

CONSTRUCTION

With construction being an open strategic core component of our group of companies, Encorp continued to win tenders for construction projects. Encorp Construct Sdn Bhd (ECSB) secured three new contracts in 2012.

These were for construction of a residential development, Lotus in Encorp Cahaya Alam, with value of RM51.5 million. Construction works began in February 2012; completion is targeted for June 2014. Similarly, ECSB began sub-structure works with a contract value at RM38.3 million at Encorp Marina Puteri Harbour in August 2012 and is expected to complete this by October 2013.

ECSB also secured a RM63.9 million sub-structure works project from main contractor Paramount Promenade Sdn Bhd (property developer Suez Domain Sdn Bhd) and began work in October 2012 with a projected completion in November 2014.

EXTERNAL VALIDATION OF ENCORP TEAM'S EFFORTS

The Encorp team forms the heart of the Company. Throughout 2012, we provided our staff with training, rewarding them with incentives and ensured the best possible workplace for them to progress and grow in their career development path. I was extremely pleased to note that in a survey conducted by Aon Hewitt entitled Best Employers 2.0, Encorp registered an employee engagement score of 62 percent, above the Malaysian average of 59 percent. We also scored a High Performance Culture Index of 68 percent, well above the Malaysian average of 59 percent.

It is obvious from these scores that we are doing the right thing for our people, to retain and nurture our talents, as we work together as a team to continually delight our customers by meeting their every desire, not just their needs.

Our areas of focus are our customers, our products, our processes and systems and our culture and values. They form the core of our G2G Roadmap and our commitment to QSVS.

The external validations received in 2012 only strengthens our belief in the QSVS ethos that we have developed in tandem with our "Anything But Ordinary" philosophy.

Most notably, our 4 star rating by the Construction Industry Development Board (CIDB) shows that our commitment to the highest standards is receiving accolades and recognition by the industry. The CIDB rating takes a holistic view of Encorp's capabilities based on seven criteria, namely, performance, financial ability, technical capabilities, project management, revenue management, best practises incorporated and management capabilities.

Another key area of delivery for the Encorp team has been to service the community in our various developments. We adhere to the highest standards in the execution of our duties and responsibilities to ensure a wholesome living experience for our communities. Thus, we were very pleased when Encorp Strand was designated a Zon Bersih (Clean Zone) by Majlis Bandaraya Petaling Jaya. The all-encompassing criteria for Zon Bersih which includes a clean environment, good infrastructure maintenance, good facilities maintenance, landscape maintenance and beautification and efficient customer complains management is further testimony of the highest levels of service we roll out to our customers.

Encorp Marina Puteri Harbour's provisional Green Building Index (GBI) certification showed how the team's commitment to QUALITY can result in shining examples of sustainable developments. Encorp's International Organisation for Standardisation, Occupational Safety and Health Management System is evidence of our commitment to delivering the highest industry STANDARD for our customers and clients.

The appreciating value of our properties, which has led to Encorp's acknowledgement in the marketplace as an astute investment choice, shows how we bring VALUE to our customers. Our continuous engagement with purchasers and customers through customer engagement programmes, community engagement activities and the personal touch we seek to deliver in our touch points is key to upholding the highest levels of SERVICE.

The Encorp team's commitment in delivering on the most exciting and innovative concepts is evident in iconic intelligent architecture of Encorp Marina Puteri Harbour. The Encorp Strand Mall, which features an oasis theme alongside gems like interactive floors for children to play, presents the opportunity to spotlight the Encorp Experience in paving the way for it to be the mall of choice for the entire family.

Our unique ways of adding value to developments is about giving customers a premier investment opportunity as it presents buyers the rewards accrued from enjoying handsome capital appreciation.

LOOKING AHEAD TO 2013

For 2013, we have put together a slew of plans for expansion to continue with our sustainable business plan which brings value for shareholders.

Encorp currently has landbanks in Selangor, Johor, Penang and Perth and we plan to further increase our landbank reserves both in Malaysia and the Asean region, bearing in mind potential developments which will continue to reap rewards for our shareholders. We are reviewing various locations both locally and abroad. We have acquired another piece of land in a strategic location in Perth valued at about RM18.54 million and measuring approximately 11,000 square metre.

We will be implementing a number of new methodologies in Encorp to build up our order book and increase participation in tender bids.

A number of new property launches have been slated for 2013. Encorp Cahaya Alam will unveil a back-to-nature concept with the launch of Meadow Brookes, Cascade Glades and Bayou Wetlands.

We will also launch our residential development at Batu Feringghi in Penang. Located by the seaside, this development has been designed along the lines of a high-end Mediterranean coastal precinct. We expect a hearty response from the market to this launch.

Perhaps the launch we are most looking forward to is the jewel of our development in Kota Damansara, Encorp Strand Mall. We plan to open its doors to the public in 2013 and look forward to excite the marketplace with our innovative take on catering to contemporary retail and entertainment needs.

Equally important is our commitment to achieve No 1 in QSVS by 2013. Increasing productivity levels will form a significant portion of our activities for 2013 as we aim to be No 1 in revenue per employee and gross profit per employee. These goals are in tandem with our G2G journey, which will result in fruition as the Great Company we have always aspired to be.

I am confident we will deliver on this and much more in the year to come. In the meantime, I look forward to presenting our report on activities in 2012.

YEOH SOO ANN
Group Chief Executive Officer

The iconic Encorp Strand Garden Office will soon be the new headquarters for Encorp in Kota Damansara.

ENCORP STRAND GARDEN OFFICE

2 A productive environment stimulates us to deliver

CORPORATE PROFILE

Incorporated in Malaysia on 2 March 2000 and listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003, Encorp began with a vision to make a real difference to the lives of its customers, investors and employees.

The Encorp name embodies a reputation for delivering unmatched excellence, and has set new benchmarks in quality, standards, value, service, innovation and efficiency.

Adding to Encorp's mission to transform itself from a good to a great company (Good to Great or G2G), Encorp's subsidiary, Encorp Must Sdn Bhd received the ISO 9001:2008 certification; another subsidiary, Encorp Construct Sdn Bhd upgraded its certification from ISO 9001:2000 to ISO 9001:2008. This reflects Encorp's commitment to provide unbeatable Quality, Standards, Value and Service (QSVS) as both subsidiaries, representing its two core businesses (development and construction), have been awarded the ISO Quality Management certification.

Encorp is recognised for building high value properties with innovative design, superior workmanship and finishing, within carefully thought through environs. Spearheading the fulfillment of Encorp's vision are 5 signature property development projects. These are Encorp Strand in Kota Damansara, Encorp Cahaya Alam in Shah Alam, The Enclave hillside villas in Batu Feringghi, Penang, Encorp Marina Puteri Harbour at Iskandar Malaysia, and Residences on McCallum Lane in Perth, Australia.

The Group's construction arm Encorp Construct Sdn Bhd, a wholly-owned subsidiary of Encorp, is certified with Bumiputra Contractor Class A under Contractor Service Centre (PKK), OSHMS MS 1722:2011:2005, OHSAS 18001:2007 and EMS ISO 14001:200 by National Institute of Occupational Safety & Health Certification Sdn Bhd (NIOSH) for its environmental management system standards, and possesses Grade G7 and 4 star status with the Construction Industry Development Board (CIDB).

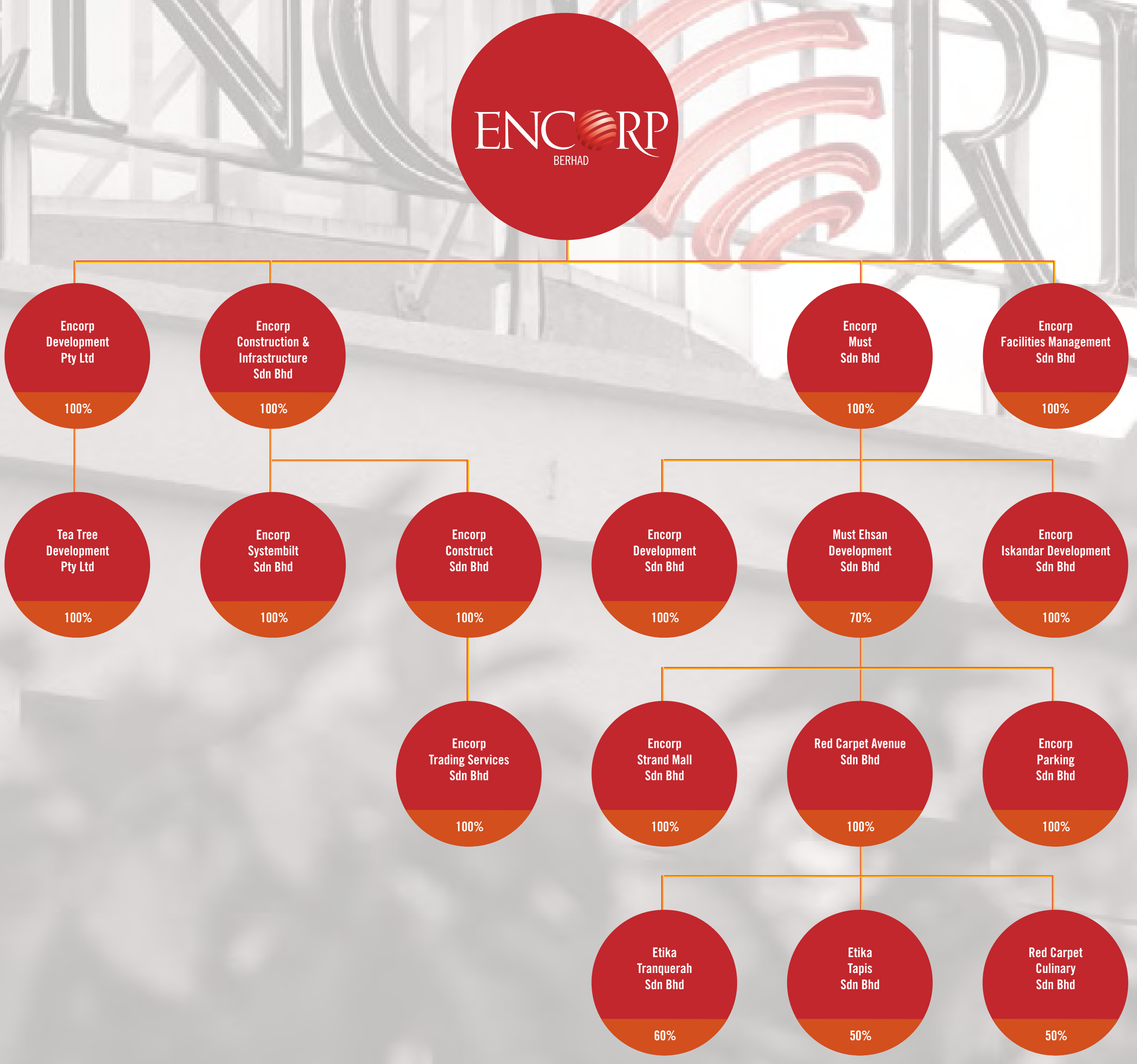
However, it is not just legislative licensing that sets us apart. We are a Quality Assessment System in Construction (Qlassic) Compliance company and we take pride in ensuring all our projects adhere to the highest quality for contractual standard practice. The Company is also a leader in the utilisation of the Industrialised Building System (IBS) in Malaysia, a technology that helps reduce construction time, costs and manpower utilisation. This was proven with the success of completing the National Teacher's Housing Project – the largest privatisation project using IBS undertaken for the Ministry of Education Malaysia.

Other notable projects include construction, upgrading and refurbishment of schools and hostels in Sarawak and a major electrified double track rail project that involved construction of five station buildings and associated structures.

Even with all these achievements, Encorp continues to look for opportunities to expand its business in property and construction across the nation and internationally. With its commitment to QSVS and innovation, Encorp continues to stamp its mark as a highly respected company that delivers on the Encorp Experience: providing the best for its customers, investors and employees.

Encorp continues to set new benchmarks in quality, standards, value, service, innovation and efficiency.

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 for the design, construction and completion of 10,000 units of teachers' quarters	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
Tea Tree Development Pty Ltd	100	Property Development	Australia
Encorp Facilities Management Sdn Bhd	100	Facilities Management Services	Malaysia

Our Vision Statement

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato Sri Mohd Effendi bin Norwawi
Executive Chairman,
Non-Independent Executive Director

Yeoh Soo Ann
Group Chief Executive Officer,
Non-Independent Executive Director

Efeida binti Mohd Effendi
Non-Independent Executive Director

Dato' Chew Kong Seng @ Chew Kong Huat
Senior Independent Non-Executive Director

Datuk (Dr) Philip Ting Ding Ing
Independent Non-Executive Director

Datuk Fong Joo Chung
Independent Non-Executive Director

Dato' Marcus Kam Kok Fei
Independent Non-Executive Director

Datuk Dr Md Hamzah bin Md Kassim
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Chew Kong Seng @ Chew Kong Huat
Chairman

Datuk Fong Joo Chung
Member

Datuk (Dr) Philip Ting Ding Ing
Member

NOMINATION COMMITTEE

Datuk (Dr) Philip Ting Ding Ing
Chairman

Datuk Fong Joo Chung
Member

Dato' Chew Kong Seng @ Chew Kong Huat
Member

Datuk Dr Md Hamzah bin Md Kassim
Member

REMUNERATION COMMITTEE

Datuk Fong Joo Chung
Chairman

Efeida binti Mohd Effendi
Member

Dato' Chew Kong Seng @ Chew Kong Huat
Member

Datuk Dr Md Hamzah bin Md Kassim
Member

COMPANY SECRETARY

Lee Lay Hong (LS 0008444)

REGISTERED OFFICE

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SHARE REGISTRAR

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50490 Kuala Lumpur

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Email: info@sshsb.com.my

PRINCIPAL BANKERS

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

AUDITORS

Ernst & Young (AF: 0039)

SOLICITORS

Ariffin Shahzad
Tan Swee Im, P.Y. Hoh & Tai

STOCK EXCHANGE LISTING

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

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.

2012 HIGHLIGHTS

10 January

ENCORP ANNOUNCED WINNER OF 1MALAYSIA ENTERPRISE AWARD 2012

Encorp kicked off the year by winning 1Malaysia Enterprise Awards in three categories:

- 1Malaysia Master Leader Award
- 1Malaysia People Choice Award
- 1Malaysia Social Responsibility Award

23 February

DONATION TO MAJLIS BANDARAYA SHAH ALAM

Encorp donated RM2,500 to help Majlis Bandaraya Shah Alam publish its Intermediate Terrace House Equivalent Plan book.

23 February

ENCORP WINS MALAYSIA ACHIEVEMENT AWARD 2012

Encorp bagged another award as winner of Malaysia Achievement Award 2012 under the Special Organisation Achievement Category.

6 March

ENCORP'S COMEDY NIGHT

Encorp sponsored a one-night "laugh your heart out" special by the Goodflers Comedy for customers and stakeholders at Modestos Tapis Rouge Kota Damansara to show its support for the Malaysian entertainment industry.

16 March

ENCORP'S NIGHT OUT WITH IDRIS JALA

As a firm supporter of the arts and culture, Encorp entertained corporate guests to the "Idris Jala One Night Only" vibrant performance by the man himself.

21 March

ENCORP & THE STAR NiE COLLABORATION

The first collaboration between Encorp Berhad and The Star in providing continuous English learning to students from primary and secondary schools through The Star's Newspaper-in-English pullout worth RM50,000. Eight orphanages and twelve schools within Klang Valley and Sarawak were provided with a one year supply of The Star newspaper as an additional tool for English learning.

21 March	**CERTIFICATE OF ACHIEVEMENT – AWARDED 4 STAR RATING BY CIDB** Encorp's construction arm, Encorp Construct Sdn Bhd, was awarded the 4 star rating by Construction Industry Development Board Malaysia (CIDB) for having good technical capabilities, compliance with best practices and good project management. An upgrade from 2011, the new rating which reflects Encorp's commitment to provide unbeatable QSVS.
24 March	**DONATION TO MALAYSIA EX-POLICE ASSOCIATION** Encorp donated 15 units of wheel chairs worth RM27,000 to the Malaysia Ex-Police Association in conjunction with its 35th Annual Gathering.
27 March	**DONATION TO RURUM KELABIT SARAWAK** Encorp contributed RM10,000 to the Kelabit Association of Sarawak or Rurum Kelabit Sarawak to assist poor and needy students.
6 April	**SPONSORSHIP TOWARDS MEDIA** Encorp sponsored RM5,000 for "Malam Anugerah Berita TV MPB 2012" organised by Media Prima Berhad.
7 April	**ZON BERSIH @ ENCORP STRAND** Encorp Strand Kota Damansara was designated a Zon Bersih (Clean Zone) by Majlis Bandaraya Petaling Jaya for having a clean environment, good infrastructure maintenance, good facilities maintenance, landscape maintenance and beautification, and an efficient customer complaints management.
24 April	**COMPLETED AHEAD OF SCHEDULE – ENCORP CAHAYA ALAM CAMELLIA 2** 70 units of Camellia's Phase 2 double storey link house at Encorp Cahaya Alam were completed two months ahead of schedule and issued with Vacant Possession (VP) certificates.
27 April	**ENCORP MOVIE NIGHT : THE AVENGERS** Encorp organised Movie Night featuring the premiere of "The Avengers" for corporate guests.
30 April	**ENCORP ANNOUNCED AUDITED ACCOUNTS YEAR 2011** Encorp announced its Audited Accounts for the year ended 31 December 2011 with a Profit Before Tax of RM12.1 million.
3 May	**NEW SUBSIDIARY** Encorp announced that its wholly-owned subsidiary, Encorp Development Pty Ltd, had incorporated a new wholly-owned subsidiary known as Tea Tree Development Pty Ltd.
9 May	**NEW SUBSIDIARY** Encorp announced the incorporation of a new wholly-owned subsidiary, Encorp Facilities Management Sdn Bhd.
11 May	**DONATION TO YAYASAN TUANKU SYED PUTRA** Encorp donated RM10,000 to Yayasan Tuanku Syed Putra in conjunction with YAM Tuanku Raja Perlis's birthday celebration.
18 May	**ENCORP ANNOUNCED ISSUANCE OF SUKUK MURABAHAH BY ESSB** Encorp Systembilt Sdn Bhd's (ESSB) completed the issuance of RM1,575 million Sukuk Murabahah. Upon completion of the ESSB Sukuk Murabahah Issue, the Group generated net cash proceeds of RM93 million after settling Tranche 1 - Tranche 4.
23 May	**ENCORP ANNOUNCED 1ST QUARTER 2012 RESULTS** Encorp posted its first quarter of 2012 results with a Profit Before Tax of RM2.1 million.
23 May	**DIVIDEND DECLARED** Encorp declared an interim single tier dividend of 2% for the financial year ended 31 December 2012 to all shareholders.
26 May	**ENCORP MOVIE NIGHT : MEN IN BLACK III** Encorp organised Movie Night with employees and stakeholders for the premiere of "Men In Black".

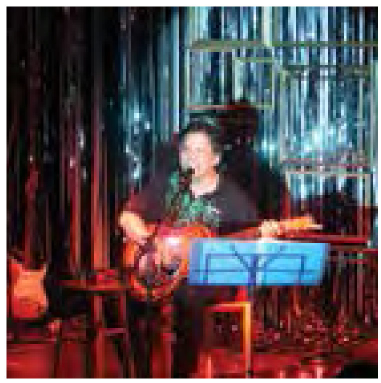
1MALAYSIA ENTERPRISE AWARD

AIDILFITRI INTERIOR DECORATION AND COOKING DEMONSTRATION

AIDILFITRI INTERIOR DECORATION AND COOKING DEMONSTRATION

AIDILFITRI INTERIOR I
COOKING DEMONSTRA

ENCORP'S YEAR END OPEN HOUSE PROMOTION



ENCORP'S NIGHT OUT WITH IDRIS JALA

RELAY FOR LIFE 2012

ASIA PACIFIC ENTREP

The ethos of delivering the highest Quality, Standards, Value and Services (QSVS) has been pres
facet of delivery – from building innovative buildings to servicing the communities it houses with
Encorp signature touch.

ENCORP'S YEAR END OPEN HOUSE PROMOTION

NIOSH CERTIFICATE HANDOVER CEREMONY

MALAYSIA ACHIEVEMENT AWARDS 2012

LAUNCH OF ENCORP
PUTERI HARBOUR

MALAYSIA HR AWARDS 2012

RAYA @ RED CARPET AVENUE

ENCORP'S YEAR END OPEN HOUSE PROMOTION

ENCORP'S YEAR END
OPEN HOUSE PROMO

DECORATION AND
ATION

ENCORP CAHAYA ALAM CAMELLIA
HANDOVER

ENCORP CAHAYA ALAM CAMELLIA
HANDOVER

DONATION TO MALAYSIA
EX-POLICE ASSOCIATION

PRENEURSHIP AWARDS

RELAY FOR LIFE 2012

ENCORP CAHAYA ALAM
OPEN HOUSE

ENCORP CAHAYA ALAM
OPEN HOUSE

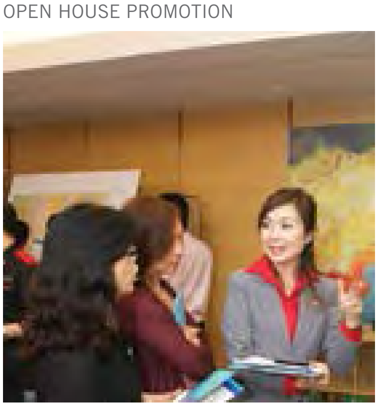
sent in every
that special

ENCORP'S YEAR END
OPEN HOUSE PROMOTION

THE BRANDLAUREATE AWARD

ENCORP'S YEAR END
OPEN HOUSE PROMOTION

MARINA



LAUNCH OF ENCORP MARINA
PUTERI HARBOUR

LAUNCH OF ENCORP MARINA
PUTERI HARBOUR

FAMILY DAY 2012

TION

ENCORP'S YEAR END
OPEN HOUSE PROMOTION

SCCI ANNUAL CORPORATE REPORT AWARD

AIDILFITRI INTERIOR
DECORATION AND COOKING
DEMONSTRATION

30 May	**ENCORP BUYS LAND IN PERTH, AUSTRALIA** Encorp purchased land at Perth, Australia to add to its landbank. Development on the property is expected to contribute positively to future earnings.
9 June	**ENCORP CAHAYA ALAM HOMEOWNERS' APPRECIATION DAY** Encorp expressed its sincere gratitude to Camellia 2 buyers by hosting lunch and exciting activities for the entire family.
4 June	**DONATION TO PINK RIBBON WELLNESS FOUNDATION** Encorp donated RM20,000 to the official launch of Pink Ribbon Wellness Foundation in support of cancer awareness.
14 June	**NIOSH CERTIFICATE HANDOVER CEREMONY** Encorp Construct was awarded with three certificates, MS 1722 : 2011 : 2005, ISO 14001 : 2004 and OHSAS 18001 : 2007, from the National Institute of Occupational Safety & Health Certification Sdn Bhd (NIOSH) for environmental management system standards. The certificate official handover was presented to Encorp's Executive Chairman Dato Sri Effendi Norwawi by NIOSH's Chairman YB Tan Sri Datuk Seri Lee Lam Thye.
21 June	**12TH ANNUAL GENERAL MEETING** Encorp held its 12th Annual General Meeting at Pullman Kuching, Sarawak. All resolutions were duly approved by the Shareholders of the Company.
21 – 22 June	**ENCORP'S THEATRE NIGHT** Encorp organised a 2-day theatrical treat "An Evening With The Phantom", for corporate guests as our support towards the performing arts industry.
5 July	**QLASSIC CERTIFICATION** Encorp Cahaya Alam's Camellia 2 received an 83% Quality Assessment System in Construction (QLASSIC) rating, one of the Top 3 nationwide, by the Construction Industry Development Board Malaysia (CIDB).
11 July	**ENCORP ANNOUNCED WINNER OF ASIA PACIFIC ENTREPRENEURSHIP AWARDS (APEA) 2012** Encorp was once again in the limelight when our Executive Chairman, Dato Sri Effendi Norwawi, was announced as winner of Asia Pacific Entrepreneurship Award under The Outstanding Entrepreneurship Category.
11 August	**AIDILFITRI INTERIOR DECORATION AND COOKING DEMONSTRATION** Mothers among Encorp Cahaya Alam residents attended a 3 session Aidilfitri Interior Decoration And Cooking Demonstration in conjunction with Hari Raya Aidilfitri. All seats for the sessions were fully taken up.
30 August	**ENCORP ANNOUNCED 2ND QUARTER 2012 RESULTS** Encorp recorded a Profit Before Tax of RM3.6 million for the second quarter of 2012.
9 September	**ENCORP CAHAYA ALAM AIDILFITRI OPEN HOUSE** Encorp collaborated with the Residents Association of Encorp Cahaya Alam to celebrate Hari Raya Aidilfitri.
12 September	**RAYA @ RED CARPET** Another inaugural event organised by Encorp to create a platform for engagement with the community surrounding Kota Damansara, business partners and stakeholders. Good food coupled with good entertainment and good company.
28 September	**SPONSORSHIP TO MAJLIS LAN BERAMBEH ANAK SARAWAK** Encorp sponsored RM10,000 towards Persatuan Anak Sarawak in conjunction with its annual Majlis Lan Berambeh Anak Sarawak.

3 October — **ENCORP ANNOUNCED WINNER OF THE BRANDLAUREATE AWARD 2012**
Executive Chairman, Dato Sri Effendi Norwawi, was announced winner of the Most Eminent Brand Iconic Leadership at the BrandLaureate Awards 2012.

10 October — **SPORTS SPONSORSHIP**
Encorp continued to support sports by sponsoring RM10,000 for Aikido's 100 Year Celebration.

11 October — **ENCORP ANNOUNCED WINNER AT MALAYSIA HR AWARDS 2012**
For the second year, Encorp was announced winner in the Malaysia HR Awards 2012 under the following categories:

- Encorp Berhad - Employer of Choice Award (Bronze)
- Mohd Ibrahim Masrukin, Chief Operating Officer - HR Leader of the Year (Silver)

13 October — **ENCORP SUPPORTS RELAY FOR LIFE 2012**
For the fourth year, Encorp continued to support Relay For Life 2012 organised by National Cancer Council of Malaysia (MAKNA) by sending three relay teams.

27 October — **LAUNCH OF ENCORP MARINA PUTERI HARBOUR TOWER 1**
Encorp launched its Tower 1 residences at Singapore and received an extremely encouraging response. All units were sold within an hour. A record breaking moment for Encorp!

3 November — **ENCORP ANNOUNCED WINNER OF THE SCCI ANNUAL CORPORATE REPORT AWARDS 2012**
Encorp's Annual Report for 2011 was the winner of the Sarawak Chamber of Commerce and Industry's (SCCI) Overall Excellence Award for corporate reporting.

4 November — **YEAR END OPEN HOUSE PROMOTION**
A property open day for investors featured the full range of Encorp's property offerings.

6 November — **CONTRIBUTION TO SINGLE MOTHERS**
Encorp contributed RM9,600 worth of one year expenses for single mothers spearheaded by Majlis Kebangsaan Kesatuan Pekerja-Pekerja Kerajaan Malaysia.

8 November — **ENCORP BAGS RM63.9 MILLION SUBSTRUCTURE WORKS PROJECT**
Paramount Promenade Sdn Bhd awarded Encorp a RM63.9 million substructure work contract.

10 November — **ENCORP'S FAMILY DAY**
The first ever Encorp Family Day for staff, organised by dedicated employees appointed as ambassadors named ENvoice, was held at Sunway Lagoon.

10 November — **LAUNCH OF ENCORP MARINA PUTERI HARBOUR TOWER 2**
Following the overwhelming public response to the launch of Tower 1, Encorp once again went to Singapore to introduce Tower 2 to the market. In 2 hours, all units were snapped up by eager buyers.

21 November — **ENCORP ANNOUNCED 3RD QUARTER 2012 RESULTS**
Encorp garnered a Profit Before Tax of RM1.6 million in its third quarter 2012.

9, 22 & 23 November — **ENCORP MOVIE NIGHT: SKYFALL 007**
Encorp leaders hosted top clients to show their appreciation and build relationships.

28 December — **COMPLETED AHEAD OF SCHEDULE – ENCORP CAHAYA ALAM MAGNOLIA**
70 units of Magnolia's Business Centre at Encorp Cahaya Alam were completed 1 year ahead of schedule and issued with Vacant Possession (VP) certificates.

ENCORP IN THE NEWS

BizNews: Using young minds in entrepreneurship
Opinion: Leaving his Parisian life for Malaysia
BizNews: Aeon Mall has expansion plans in Asia

MetroBiz

A stak

Encorp's latest project is nestled in ... strategically located amidst a myri...

Choice address in Nusajaya

Cover story

Four corporate heads stamp mark at Entrepreneur of the Year Awards

58 BUSINESS

Cover story

A value proposition

Encorp is set to launch its Puteri Harbour project, which is a mixed development, presenting dream getaway homes and iconic investment opportunities

RM500mil

Encorp to expand landbank

NEWS 9

Encorp secures RM63.92mil job

KUALA LUMPUR: Encorp Bhd secured a RM63.92mil contract from Paramount Promenade Sdn Bhd for sub-structure works at a commercial development in Kuala Lumpur.

In a filing with Bursa Malaysia, Encorp said it secured the contract through its indirect wholly-owned subsidiary, Encorp Construct Sdn Bhd. Encorp said the contract was expected to contribute positively to the earnings and net assets of the


Appealing to a young, vibrant crowd
Cover story
RM284.9mil
RM25.3mil
RM1.3bil
Service always a priority
Effendi shares how his childhood experience has become Encorp's success
Feature
Power Lunch
30 BUSINESS
Cover story
Strand-ing out from the crowd
Encorp's mall project in Kota Damansara already boosting property values
Rolling out the red carpet for patrons
24 NATION
Encorp's heart for English
Property development and construction management firm leads the way by sponsoring RM for orphanages and schools in rural areas.
StarSpecial DINING G
Making a grand entrance
4 CORPORATE MALAYSIA
RAM assigns AA2 to Encorp Systembilt sukuk
by FARAH ADILLA
Dalam Negeri
ECER tarik 9 pelaburan baru

3 Utilising the best technology to deliver unmatched results

GROUP FINANCIAL HIGHLIGHTS

		2008	2009	2010	2011	2012
OPERATING RESULTS						
Revenue	RM million	287.51	234.91	269.71	289.93	396.52
Profit before tax	RM million	70.72	35.31	13.56	12.10	42.19
Profit net of tax	RM million	52.86	26.89	11.05	6.88 [N1]	24.65
Profit attributable to onwers of the parent	RM million	36.56	20.49	7.49	1.49 [N1]	7.08

		2008	2009	2010	2011	2012
KEY DATA OF FINANCIAL POSITION						
Shareholders' equity	RM million	294.93	313.43	319.54	347.55	350.78
Non-controlling interest	RM million	23.14	27.88	26.72	32.24	49.81
Total assets	RM million	1,710.08	1,711.07	1,757.68	1,767.91	2,002.19
Total borrowings [N2]	RM million	8.76	8.44	46.10	129.58	215.33
FINANCIAL RATIOS						
Basic earnings per share [N3]	Sen	16.65	9.57	3.46	0.68	3.25
Return on capital employed	%	11.89%	9.15%	7.73%	7.53%	9.28%
Return on shareholders' equity	%	12.40%	6.54%	2.34%	0.43%	2.02%
Net gearing ratio [N2]	Times	N/A	N/A	0.06	0.29	0.44
Net assets per shares [N3]	Times	1.34	1.46	1.48	1.59	1.61
Net tangible assets per shares [N3]	Times	0.75	0.89	0.93	1.08	1.15

N1: Profit net of tax and profit attributable to owners of the parent for financial year 2011 is adjusted to exclude a one- off tax adjustment of RM23.08 million.

N2: Excluded the Al-Bai Bithaman Ajil Notes and Sukuk Murabahah in relation to the Teachers' Quarters Project, which has no recourse to the Company.

N3: Calculated based on the weighted average ordinary shares net of treasury shares held.

CREATING VALUE FOR ALL

What is your heart's desire? What are the lifestyle features that you want in your home? What can we do to make your dreams come true?

These are some of the questions which go through the minds of the Encorp team every time we plan a development. It's not just about concrete walls and shingled roofs. It's about delivering on the expectations of our customers, be it a residential or a commercial development.

With this in mind, the Encorp team set about the task of implementing all the ideas we had to add value to each of our property developments in 2012. Here's how we did it.

ENCORP CAHAYA ALAM

In 2011, we put together an innovative master plan for Encorp Cahaya Alam in Shah Alam. The design features were based on what we knew the savvy home owner was looking for in a development which encapsulated a complete quality family environment. In 2012, our focus was to deliver on these unique innovations.

The master plan focused on landscape designs and parks which would enhance the community's quality of life and neighbourly interaction. The Encorp team created a plan which would feature a large linear recreational park covering 1.8 acres of lush greenery, offering home owners a getaway from the hustle and bustle of city life.

The landscaped gardens, waterfalls and wetlands of Encorp Cahaya Alam channel Mother Nature into the homes of each family in the area. At the same time, the escape back to nature is accentuated by the promise of keeping in touch with the realities of life. Underground electrical cables, high-speed broadband infrastructure, multimedia and voice telecommunication services and closed drainage systems for all homes all provide the trappings of a smart community in the 21st century.

Each parcel has its own distinctive features. Frangipani 3 is a 3-storey terrace courtyard home with multiple façade designs. Six unique facades and roof forms offer a stimulating architectural aesthetic experience within the lush tropical surroundings. Each home is 22' x 75' and has a gross built-up area of 2,500 square feet. It has been designed with an open-concept internal layout, with generous outdoor space.

At Encorp Marina Puteri Harbour, each Sky Suite is designed to take in the magnificent marina and sea views of the Straits of Johor.

Lotus 2 and Lotus 3 are 2- and 3-storey semi-detached homes with a modern tropical design. Some offer tranquil views of the lakeside and these are the ones which are the most sought after. It has a layout of layout of 40'x 80'. Designed with a distinctive architectural façade, Lotus homes feature the family room / recreational space on the second floor. The attic-like structure opens out to a large roof garden with a sky cabana structure and a dual frontage design which maximises the lake view.

Coming up in 2013 will be the launch of Meadow Brookes, Cascade Glades and Bayou Wetlands. Meadow Brookes are cluster homes with water gardens and dry creeks. Sitting pretty on 13.59 acres, these 2- and 3-storey terrace homes, like the rest of developments at Encorp Cahaya Alam, are within a gated and guarded community.

Cascade Glades are cluster homes with cascading gardens. The 2- and 3-storey terrace homes are on 19.18 acres of land which has been exquisitely landscaped with lush cascading gardens and waterfalls. These homes also offer unparalleled security within a guarded and gated community. Bayou Wetlands are cluster homes within a landscaped setting resembling the distinct ecosystem of a wetlands area. Some 8.53 acres of 2- and 3-storey terrace homes will nestle within these tropical wetlands. These homes are located within a gated and guarded community with a club house.

The Encorp team has also delivered on other value-added propositions to amplify the Encorp Cahaya Alam community spirit. We aim to give more than just a home to buyers and stakeholders by investing our time and effort in looking into and providing for the small details. These make a big difference. Thus, at Encorp Cahaya Alam we plan to construct a series of community-centric facilities to provide an exceptional quality of life for residents, including a community hall, a surau, and a kindergarten which will help shape the minds of our future generations. Encorp is also in the midst of setting up a tuition centre to cater for the local community, with no charge for the children of Encorp Cahaya Alam residents.

As a free value-added service for purchasers, we provide interior design consultants, a one-stop service to upgrade their homes and make renovations to suit their family and lifestyle needs. This is the Encorp team's delivery on meeting the needs of the modern homeowners' desire for a hassle-free option to renovate their homes in a time-saving and cost effective manner.

With these innovative features the Encorp team has delivered on, we expect property prices in Encorp Cahaya Alam to appreciate even further in the years to come.

ENCORP MARINA PUTERI HARBOUR

The tagline for our signature marina development in Nusajaya, Johor is "360 degrees of perfection". The reason is because we have thought of everything the discerning purchaser would seek in a luxury development situated close to world-class attractions and facilities.

In our quest to add value, we have built a 3.3 acre development which offers the best in terms of intelligent architecture. The two iconic gleaming towers of Encorp Marina Puteri Harbour, created by CPG Consultants, an award-winning Singaporean architectural firm, features international standard finishings and fittings in spacious units with high ceilings. The layout of each Sky Suite has been designed for an intuitive flow from one room to the next, all bearing in mind the magnificent marina and sea views of the Straits of Johor. In offering the latest in smart community living, each unit comes with a built-in Smart Home System which features state-of-the-art fibre optics for ease of cyber communication and entertainment needs.

Keeping with the Encorp team's promise of delivering a tranquil escape from the hustle and bustle of the city, Encorp Marina Puteri Harbour is built within the setting of a private marina where homeowners can moor their yachts. There is also a beautifully landscaped park within a host of unrivalled exclusive facilities - four themed swimming pool decks, a sun protected tennis court and children's playground, Yoga and Tai Chi deck, a Jack Nicklaus designed putting and chipping golf green, gymnasium, squash court, BBQ deck and an exclusive clubhouse. There will even be a shopping arcade with a selected variety of boutique retail and entertainment spaces. On top of all this, the Encorp team also built in Encorp's signature concierge services, ensuring that all residents get what they need, whenever they may need it.

Realising purchasers' need for security and safety, we put together a world-class state-of-the-art security system with features such as safe card access systems for restricted access to residents and their guests, a comprehensive CCTV network positioned strategically around the property, car park facilities with strategically positioned panic buttons, and an intruder alarm system interconnected to the main security desk and all the relevant emergency services and authorities in the area.

With all these details in place, within an exquisite location, we expect Encorp Marina Puteri Harbour to be the most desired address in Nusajaya, and also offer excellent returns for the discerning investor. Its proximity to world -class attractions such as Legoland, Johor Premium Outlets, Hello Kitty indoor theme park, 6 international standard golf courses, and an integrated network of educational and medical facilities a mere 20 minute away from Singapore's Raffles Marina on Encorp's private boat, promises to make this a breath-taking living experience for our customers.

BUILDING THE CAPABILITIES OF ENCORP'S TEAM

At Encorp, we firmly believe in developing the talents and potential of our workforce. By investing in their careers and their future, we also build on their capabilities to deliver innovative products and services which are "Anything but Ordinary". We do not just pay lip service to our Good to Great (G2G) journey. We can only be the great company we aspire to be by ensuring each and every employee has the means to achieve greatness in what they do at work.

Thus in 2012, we set in motion a number of programmes in line with our corporate goals and objectives.

We created the Encorp - Malaysia University of Science and Technology (MUST) MBA Ecosystem programme for employees who seek to further their education. We see this as Encorp's way of seeding the right talent within our organisation.

The programme is open to all Encorp employees throughout the country whom have served for at least 1 year with the Encorp Group. To reward employees who are high achievers, the MUST MBA is available to employees who receive an appraisal score of at least 70 percent.

Encorp's MUST MBA Ecosystem allows employees to choose their area of study based on their preference, be it for leadership, managerial or operational functions. The integrated, inter-related ecosystem focuses on three key areas of learning capabilities, namely, leadership, control and business delivery. This can be achieved by emphasizing value drivers such as corporate leadership, strategic thinking, globalization, competitiveness and control.

Another area of development for Encorp staff in 2012 was the Service Quality Leadership (SQL) and Emotional Quotient (EQ) driven Transformational Programme. These two specialised programmes were implemented to bring our Customer Relationship Management (CRM) processes, which encapsulates Encorp's "Anything but Ordinary" philosophy, to our customer at various touch points.

It delves deep and takes a different approach from traditional CRM approaches. By exposing the entire Encorp team to these Blue Sky thinking processes, our goal is to achieve what we term "Transition and Shaping Mindsets" which is about creating an inside path to change. This results in a self-driven and motivated capacity to analyse information and data which we collect regularly from customers and translating that into unique CRM measures which will evoke a response from our potential buyers and existing customers.

The SQL Inside Out Programmes form the basis of our continuous innovation in customer service and have resulted in our very own Customer Service Scorecard which monitors and evaluates service standards and customer satisfaction.

We will continue with our momentum to recognise and reward talent and the dedication of the entire Encorp family by continuously providing programmes and processes which will challenge them to serve the marketplace at the highest standards of Quality, Standards, Value and Service (QSVS) required by a Great Company.

DELIVERING THE ENCORP EXPERIENCE

At Encorp, we believe in a consistent high standard of delivery based on the principles of Quality, Standards, Value and Service (QSVS). In Customer Relationship Management (CRM), the Encorp team's ability to deliver has always been about providing world-class service for our customers across various touch points of their interaction with us.

The core of all businesses is their customers. We believe that getting customers is only one part of the equation. Equally important is the need for CRM as a key component for the continuous management of relationships with customers.

At Encorp, we realise the need to adopt continuous customer management strategies which take into account a myriad of factors such as macroeconomic changes, workplace dynamics and the pace of technology adoption. This is evident from the recent revision of our CRM Roadmap as we incorporate changes in the marketplace into our interactions with customers.

The need to continuously gather information, analyse data, communicate that information and provide added value is critical to competing in the highly globalised, competitive business environment we exist in. This is why the Encorp team is able to deliver not just to marketplace expectations, but exceeding them.

In 2012, we implemented our CRM Roadmap where we put in place Encorp's distinct customer service model based on eight service dimensions:

- A defined customer service vision
- A working structure which allows for continuous employee-customer engagement
- A customer service operating model which caters to different customer segments based on their needs
- Customer service operating model enablers which focus on incentive plans and clear guidelines for communications and dispute resolution
- Incorporation of a continuous CRM improvement programme
- Integrating the Encorp Customer Service experience into all our processes
- Obtaining regular and real time information to establish our unique customer insight

- Establish continuous customer service innovation and improvement through a sustainable improvement plan

With these eight service dimensions in mind, we identified 22 initiatives to work on using international standards of best practises as a benchmark. The Encorp team identified gaps which exists within our current CRM measures and came up with solutions which would improve on our existing Encorp CRM Experience Roadmap. We have also upgraded our Encorp CRM Roadmap which will be rolled out in 2013.

During the year, Encorp initiated a Service Quality Leadership (SQL) and Emotional Quotient (EQ) - driven Transformational Programme which focused on transition and shaping mindsets through the utilisation of SQL Inside Out Programmes. Among the many outcomes of our programme was the Customer Service Scorecard which will provide us with much needed information and feedback required to continuously innovate our CRM experience.

With continuous customer service innovation and improvement forming the thrust of the Encorp Experience, we identified six key areas which form the CRM operating imperatives of the Encorp CRM Experience.

- **TOUCH POINTS** with customers are key as they allow for our encounters with customers to be a point of reference and a reinforcement of our marketplace promise.

- **CRMIS DATABASE** to provide for effective management of customer data.

- **HUMAN RESOURCES** within the organisation to adopt a continuous pursuit of Customer Service Culture regardless of their job description.

- **EVENTS** which engage customers, by building on their life experiences in order to build loyalty.

- **STANDARD OPERATING PROCEDURES** which will codify Encorp's unique CRM experience.

- **CUSTOMER FEEDBACK** as part of the customer satisfaction feedback model which is used to improve internal process.

As part of Encorp's CRM Experience, we hosted a variety of activities for our different customer segments.

Corporate customers were invited to Movie Nights where we premiered movies such as The Avengers and Men in Black III. Top clients were invited to a special screening of SkyFall 007 Movie Night Out. Encorp Red Carpet also celebrated Hari Raya Aidilfitri with our themed Raya @ Red Carpet.

For customers of our home developments in Encorp Cahaya Alam, we had a number of activities during celebration periods such as Cooking and Interior Design Aidilfitri demonstration for residents, and the Encorp Cahaya Alam Aidilfitri Open House. The purpose of these functions was to have an open and engaging door for constant communication with the Encorp Cahaya Alam Community to ensure customers' satisfaction.

ENCARE service hotline (1800-88-3677) was also introduced to provide clients and customers with an immediate way to get in touch with us to enquire about anything to do with our properties and services. Encorp's brand is about exceeding on its promise to deliver a quality product and a great customer experience.

WHAT OUR STAKEHOLDERS SAY

Sapiudin Seman, Recruitment & Standard Compliances Senior Executive

"I am happy with the development opportunities that Encorp Berhad has to offer to all staff, and especially to me. First of all, Encorp is a learning organisation which empowers its employees by subsidising and supporting our career development. Through this, I have been given the opportunity to take up an MBA programme with a huge tuition fee waiver. This has been a long term dream of mine to pursue but could not due to the cost factor.

For these reasons, I believe that Encorp is definitely an employer of choice and has become a Malaysian leader in building a reputation for excellence and promoting a great quality of life."

Letter of Commendation from our customer - Farah Nadia Bte Abdulllah

"In my everyday life, I communicate with all sorts of people, from all walks of life, via the telephone, from government to non-government offices. I have had some unpleasant experiences which have left a bad impression on me.

On the other hand, front-liners like Josephine make one's day pleasant as she has shown pleasantness, enthusiasm and respect for the other person on the line.

Most times, receptionists can be quite arrogant, behaving as if they own the company and can cut someone off in trying to make contact with departments in an organisation.

I am sometimes shocked when receptionists are rude and slam the phone down if they are having a bad day. Good or bad, I have never failed to contact the Human Resource Department as this affects the reputation of organisations. Sometimes the good manners and behaviour of the CEO and Managing Director does not always filter down to the lower Management. It could be anyone calling to make enquiries, and Josephine is an example of someone who does not take things for granted.

With her kind of energy and politeness, I would have thought that she should be in Public Relations or Customer Service as she has that "extra something" which not everyone has."

I have been given the opportunity to take up an MBA programme with a huge tuition fee waiver. This has been a long term dream of mine.

OWNERS OF ENCORP CAHAYA ALAM'S BUSINESS CENTRE - MAGNOLIA

Muhd Bin Daud
"I feel so happy with my purchase of Magnolia. The design is modern, the workmanship is good and I have no complaints. I was attracted by the good deal and the price is affordable. Overall, I am satisfied."

Norehan Binti Babji's Son
"I am pleased and happy with my choice of property. So far it's quite good. We chose Magnolia because the development is in a desirable location."

Wong Choi Ying
"I am happy to be part of Encorp Cahaya Alam. The reputation of Encorp's brand plays a large part in my ultimate purchase decision."

CORPORATE SOCIAL RESPONSIBILITY

For the Encorp team, ensuring high standards of delivery on all fronts is an intrinsic part of our value system.

We don't just believe in delivering on the quality of our development projects, but also to adhere to best practises and international standards in carrying out our Corporate Social Responsibility (CSR) as a caring and responsible corporate citizen.

Our team believes in carving out effective CSR policies, formulated to be delivered to all our stakeholders and people in the community whose lives we touch. The Encorp team's organisational culture and climate is one imbued with a strong sense of aligning our corporate responsibilities within all processes and activities we carry out.

It was with this belief that we launched Encorp's inaugural Sustainability Report in 2011. A major milestone for our Company, it provides a documented journey of our commitment to reduce our environmental footprint, improve our safety performance and contributions to the community.

The Encorp team's delivery on the CSR front received a number of validations:

- Encorp was a winner in three categories and a special achievement award at the 1Malaysia Enterprise Award 2012.

  - 1Malaysia Master Leader Award,
  - 1Malaysia People Choice Award, and
  - 1Malaysia Social Responsibility Award

- Employer of Choice (Bronze) and HR Leader of the Year (Silver) at the Malaysia HR Awards 2012 by the Malaysian Institute of Human Resource Management (MIHRM) as recognition of our stellar HR policies and initiatives.

- Executive Chairman Dato Sri Prof Dr Effendi Norwawi was given the Outstanding Entrepreneurship Award at the Asia Pacific Entrepreneurship Awards (APEA) 2012. He was also awarded the Most Eminent Brand Iconic Leadership award at the Brand Laureate Awards 2012 by the prestigious Asia Pacific Brands Foundation (APBF) for significant contributions to national development.

- Encorp's Annual Report for 2011 won the Sarawak Chamber of Commerce and Industry's Overall Excellence Award (Main Winner) in the SCCI Annual Corporate Report Award 2012 for employing the highest standards of corporate governance and reporting.

- Special Organisation Achievement Award in the Malaysia Achievement Awards 2012 for being a prominent corporation with achievements having received world-class accolades, putting it on par with international organisations.

DELIVERING FOR THE ENVIRONMENT

We continued our forward momentum in designing and constructing buildings which adhere to the highest standards to ensure compliance with the Green Building Index (GBI) certification.

In 2012, Encorp Marina Puteri Harbour at Nusajaya near Iskandar, Johor was issued with a provisional GBI certification compliance. All 517 apartments in the two gleaming tower blocks of 30 and 35 stories were launched with full efforts to design and construct a green building in compliance with the GBI certification.

We continuously implement green environmental methods and processes in all our construction management and property developments. We reduce our environmental footprint with measures such as effective management on all water leakages, recycling construction materials, designing energy efficient building systems, developing environmentally conscious purchasing policies and conducting regular energy audits.

The Encorp team is also well versed with sound green building management policies as a result of the regular training we conduct for employees. Thus, they are able to effectively implement measures such as scheduled inspection and tuning up of irrigation systems, plant interim grass on cleared sites to control soil erosion, minimise noise pollution by monitoring decibel levels at construction sites, ensure equipment meets proper emission standards and ensure sustainable water usage through sound water saving policies.

We also ensure that our commitment to greening the environment is communicated clearly to all our suppliers, as we seek to make a difference and touch the lives of people around us.

DELIVERING TO THE COMMUNITY

As evidenced by the awards we won at the 1Malaysia Enterprise Awards 2012, Encorp is continuing with our commitment towards making a meaningful impact on Malaysian society.

1. Making a difference to our community

    - Donating RM27,000 worth of wheelchairs to the Malaysia Ex-Police Association.
    - Donating RM20,000 to Pink Ribbon Wellness Foundation in support of cancer awareness.
    - Donating RM10,000 to Persatuan Anak Sarawak.
    - Encorp participated in "Relay for Life 2012" in support of the National Cancer Council of Malaysia (MAKNA) to further the cause of raising public awareness about cancer in the community.
    - Donating RM9,600 to Majlis Kebangsaan Kesatuan Pekerja-Pekerja Kerajaan Malaysia in their cause to assist single mothers.

2. Contributing towards raising standards of education

    - Recognising the poor grasp of English language among fresh graduates, Encorp took steps in 2012 to sponsor RM50,000 worth of The Star newspapers and NiE (Newspaper-in-Education) supplement for distribution to 8 orphanages and 12 schools in Sarawak and Selangor.
    - Contributed RM10,000 to Kelabit Association of Sarawak or Rurum Kelabit Sarawak to help the poor and needy students
    - Contributed RM10,000 to Yayasan Tuanku Syed Putra to help underpriviledged students.

3. Contributing to a Thriving Arts and Culture Scene

    - Sponsorship of RM5,000 for "Malam Anugerah Berita TV MPB 2012" organised by Media Prima Berhad.

4. Development of Sports

    - Sponsorship of RM10,000 towards Aikido's 100 Year Celebration to assist the development of Aikido in Malaysia.

DELIVERING TO THE MARKETPLACE

The Encorp team's delivery to the marketplace is based on employing the highest standards of corporate governance. Our ethics on customer engagement is based on delivering the highest Quality, Standards, Value and Service (QSVS) to the people who trust us with their money, placing their faith in our property developments to offer them the best capital appreciation.

By adhering to the highest standards of corporate reporting and presentation, Encorp's Annual Report 2011 resulted in the Company being awarded the Sarawak Chamber of Commerce and Industry's Overall Excellence Award (Main Winner) in the SCCI Annual Corporate Report Award 2012.

In engaging with the marketplace, we have always placed an emphasis on providing the unique personalised Encorp Experience for all. Thus in 2012, we organised a number of corporate activities that offered a personal experience for all to get a taste of what the Encorp brand signifies.

Our activities in 2012 were as follows:

- Corporate Comedy Night with the Goodflers @ Tapis Rouge on Red Carpet Avenue.
- Corporate Night featuring a not to be missed performance by the CEO of the Performance

Management and Delivery Unit (PEMANDU) of the Prime Minister's Office at Modestos Tapis Rouge on Red Carpet Avenue.

- Corporate Theatrical Night titled "An Evening With The Phantom."

DELIVERING ON QUALITY MANAGEMENT

In 2012, Encorp continued to practise full compliance with Malaysian standards, rules and guidelines for occupational health, safety and environmental concerns. As a result of our compliance, we obtained the following certification throughout the year:

- Provisional GBI certification for Encorp Marina Puteri Harbour.

- 83 percent rating in the Quality Assessment System in Construction (Qlassic), one of the Top 3 in the country, for Camellia 2 at Encorp Cahaya Alam.

- 4 star rating by Construction Industry Development Board (CIDB) which assessed Encorp based on seven criteria-performance, financial ability, technical capabilities, project management, revenue management, best practises incorporated and management capabilities.

- OSHMS MS 1722:2001:2005, OHSAS 18001:2007 and EMS ISO 14001:200 by the National Institute of Occupational Safety & Health Certification Sdn Bhd (NIOSH) for environmental management system standards.

- Encorp Strand designated as Zon Bersih (Clean Zone) by Majlis Bandaraya Petaling Jaya.

In 2013, we will continue with our push for more employees to become certified Qlassic assessors so that all our future developments will obtain the highest ratings.

DELIVERING ON INVESTOR RELATIONS

As part of our continuous efforts and commitment to be the investment of choice in the marketplace, we constantly seek to up the ante on our delivery. Thus in 2012, Encorp launched its first ever Sustainability Report for 2011 to report on our sustainability and safety performance. The Sustainability Report was part of a more structured dialogue with stakeholders.

We also provided the following as part of our investor relations initiatives:

- Regular up-to-date information to investors, shareholders and other parties who are key in the financial stability of the Company's shares.

- Employ a range of media to keep all interested parties abreast of financial information.

- Updating corporate information and communicating initiatives and information on our products and services utilising all available media.

- Transmitting information on the Company's policies and activities on corporate governance and corporate social responsibility.

- Maintaining open lines of communication with analysts, business and consumer media, and potential investment partners via a strategic mix of interviews, press releases, website updates and presentations.

DELIVERING WORLD-CLASS CRM

A world-class Customer Relationship Management (CRM) has always been an important part of Encorp's G2G journey. In 2012, we fine tuned many of our processes, focusing on key touch points with customers to deliver our signature Encorp Experience. Our philosophy of being "Anything but Ordinary" is ever present in all processes we implement as part of our CRM and the rewards we obtain from property purchasers in the market place with record sales at property launches verify that we are indeed on the right path.

DELIVERING IN THE WORKPLACE

Any corporate entity is a sum of the commitment, dedication and hard work of its employees. The best global companies employ the highest standards of delivering to its employees. At Encorp, this is the standard we aspire to and all our HR management and initiatives are geared towards this.

To attract the best talent in the workforce, we launched a recruitment advertising campaign themed "Be A Rock Star at Work". It was hugely successful and we had a large pool of energetic, enthusiastic and highly qualified applicants to add to our Company.

In order to provide an ecosystem which nurtures the capabilities of our employees through continuous professional development, in 2012, comprehensive training were made available for all employees with an average 43 training hours per employee.

Encorp also launched the Malaysia University of Science and Technology (MUST) MBA Ecosystem programme. The programme, which was open to all Encorp employees who had at least one year of service and had received an appraisal score of at least 70 percent, is about enabling our talent to further themselves in the careers of their choice.

The MUST MBA Ecosystem focuses on Encorp financing the further study of employees based on their capability preference for leadership, managerial or operational functions. It is an integrated and inter-related ecosystem which results in business deliveries focused on value drivers such as corporate leadership, strategic thinking, globalisation, competitiveness and control.

We had two intakes in 2012 and the response to it was encouraging. We plan to continue with programmes like these for many years to come.

We are serious in delivering on both fronts: the best products supported by the best Customer Relationship Management (CRM) to delight our customers.

We also had a number of other initiatives within the workplace, namely:

- Enabling more employees to be ‘Certified Qlassic Assessor’
- Launching an online HR services portal which comprised:
    - HR Entranet
    - HRIS E-Claim
    - Online recruitment using psychometric tools
- Launching a Distinct Capabilities Dashboard
- Implementing Innovation WoWall 2012

Our continuous efforts resulted in excellent results in the Aon Hewitt survey of Best Employers 2.0 in Asia. We scored as follows on the survey:

- 62 percent on the Engagement Index in comparison to 59 percent for the Malaysian average
- 65 percent on the Leadership Index in comparison to 54 percent for the Malaysian average
- 64 percent on the Employer Brand Index in comparison to 56 percent for the Malaysian average
- 68 percent on the High Performance Culture Index in comparison to 59 percent for the Malaysian average

In staying true to the adage that “all work and no play makes Jack a dull boy”, we also organised a number of fun activities for our employees, such as:

- The Encorp Annual Bowling Tournament
- Ramadhan Breaking of Fast event known as “Iftar with Encorp”
- The Encorp Family Day at Sunway Lagoon Theme Park
- Encorp Teambuilding at Lost World Themepark in Tambun, Perak
- Movie Nights with Staff for Men in Black 3 and The Hobbit : An Unexpected Journey
- Weekly sports and fitness activities such as yoga, futsal, badminton and a professional gym trainer

World-class Customer Relationship Management (CRM) has always been an important part of Encorp’s G2G journey. In 2012, we fine-tuned many of our processes, focusing on the key touch points with customers to deliver our signature Encorp Experience.

Encorp is committed to being a caring organsation.

4 Delivering absolute transparency

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 practised 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 Report, the Board consists of eight (8) members comprising:

- Three (3) Executive Directors ; and
- Five (5) Independent Non-Executive Directors

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.

The Executive Chairman functions both as Chairman of the Board and Executive Director. The Board is mindful of the combined roles but is comfortable that there is no undue risk involved as the Executive Directors will be informed and consulted before the Executive Chairman makes any decision and all major matters and issues are referred to the Board for consideration and approval. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

2. Board Balance

The roles of the Executive Chairman and the Group Chief Executive Officer ("Group CEO") are distinct and held by two (2) different persons. The Chairman is amongst others, responsible for ensuring Board effectiveness and to facilitate effective Board decision making, whilst the Group CEO has overall responsibility to manage the operations, organisation effectiveness and implementation of policies and decision.

To ensure balance in the Board, the Independent Non-Executive Directors provide independent views, evaluations 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.

Recommendation 2.1 of the Code recommends that the Chair of the Nomination Committee should be the Senior Independent Director identified by the Board. Dato' Chew Kong Seng @ Chew Kong Huat, who is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee, acts as the Senior Independent Non-Executive Director. Any concerns with regards to the Group may be conveyed to him.

The Board is of the view that Dato' Chew Kong Seng @ Chew Kong Huat should be retained as the Senior Independent Director, notwithstanding that he is not the Chair of the Nomination Committee, as the current structure of the various Board Committees optimise the strengths and experience of each Directors.

3. Reinforce Independence

The Board noted the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine years. The Board is however of the view that the length of service of directors does not affect the Directors in exercising their objective and independent judgement to discharge their duties and responsibilities.

The Board has reviewed and concluded that all the five (5) Independent Non-Executive Directors continue to demonstrate behaviours that reflect their independence and also in compliance with the definition of "Independent Director" under the Listing Requirements of Bursa Securities.

Furthermore, the Board is satisfied that Datuk (Dr) Philip Ting Ding Ing who has served the Board as Independent Non-Executive Director for more than nine (9) years still remain objective and has actively participated in the Board's and Board Committee's discussion and provided an independent view to the Board. His vast experience in the field of accounting also enabled him to provide the Board with a diverse set of experience and expertise.

Datuk (Dr) Philip Ting Ding Ing as the Chairman of the Nomination Committee has abstained from deliberation and voting pertaining to his own independence at the Nomination Committee and Board level.

The Board will table a proposal to retain Datuk (Dr) Philip Ting Ding Ing as an Independent Director for shareholders' approval at the upcoming Annual General Meeting ("AGM") of the Company.

4. Board Meetings

To ensure that Directors can plan ahead, Board meetings are scheduled in advance at the beginning of each year. Special Board meetings are 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, five (5) 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	Attendance (%)
Dato Sri Mohd Effendi bin Norwawi	5/5	100
Yeoh Soo Ann	5/5	100
Efeida binti Mohd Effendi	3/5	60
Dato' Chew Kong Seng @ Chew Kong Huat	5/5	100
Datuk Fong Joo Chung	4/5	80
Datuk (Dr) Philip Ting Ding Ing	4/5	80
Dato' Marcus Kam Kok Fei	4/5	80
Datuk Dr Md Hamzah bin Md Kassim	5/5	100

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.

All Directors have full and unrestricted access to the Senior Management within the Group and are entitled to the advice and services of the Company Secretary. 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. Duties 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 behaviour and promoting a culture of corporate responsibility.

7. Appointment of Directors

The Nomination Committee recommends suitable candidates 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.

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 Executive Chairman before accepting any new Directorship and to indicate the time expected to be spent on the new appointment.

8. Re-Election and Re-Appointment of Directors

In accordance with the Company's Articles of Association, one-third of the Directors are required to retire from office at each AGM. Retiring Directors can offer themselves for re-election. Directors who are over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

9. Committees Established by the Board

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 decisions on matters deliberated by the committee.

a. Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities relating to financial reporting of the Company and its subsidiaries.

The members of the Audit Committee are:

Name	Designation	Directorship
Dato' Chew Kong Seng @ Chew Kong Huat	Chairman	Senior Independent Non-Executive Director
Datuk Fong Joo Chung	Member	Independent Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing	Member	Independent Non-Executive Director

All the Audit Committee members are Independent Non-Executive Directors. Two (2) meetings were held with the external auditors without the presence of Executive Board members and Management for the financial year under review.

The terms of reference of the Audit Committee and summary of activities for the financial year under review are reported on pages 52 to 55.

b. Nomination Committee

The members of the Nomination Committee are:

Name	Designation	Directorship
Datuk (Dr) Philip Ting Ding Ing	Chairman	Independent Non-Executive Director
Datuk Fong Joo Chung	Member	Independent Non-Executive Director
Dato' Chew Kong Seng @ Chew Kong Huat	Member	Senior Independent Non-Executive Director
Datuk Dr Md Hamzah bin Md Kassim	Member	Independent Non-Executive Director

The Nomination Committee assists the Board in fulfilling the following functions:

- to identify and recommend suitable committee members and candidates for directorships of the Company and its subsidiaries;
- to evaluate and recommend to the Board for approval, the appointment, promotion, transfer, termination and scope of duties of the Group CEO, Executive Directors and Senior Management reporting to the Group CEO;
- to assess the effectiveness of the Board as a whole including its size, composition and contribution of each individual director; and
- to ensure an appropriate framework and plan for succession of the Board and Senior Management.

In line with the Code, the Board implemented an evaluation process, which was carried out by the Nomination Committee for assessing the effectiveness and competencies of the Board as a whole. The Board on the recommendation of the Nomination Committee, also developed the criteria to assess the independence of the independent directors on an annual basis.

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. Remuneration Committee

The Remuneration Committee assists the Board in establishing and recommending the remuneration package and policy for the Executive Directors, Group CEO and Senior Management. The Remuneration Committee ensures that a strong link is maintained between the level of remuneration and individual performance based on agreed targets and other relevant factors.

The members of the Remuneration Committee are:

Name	Designation	Directorship
Datuk Fong Joo Chung	Chairman	Independent Non-Executive Director
Efeida binti Mohd Effendi	Member	Non-Independent Executive Director
Dato' Chew Kong Seng @ Chew Kong Huat	Member	Senior Independent Non-Executive Director
Datuk Dr Md Hamzah bin Md Kassim	Member	Independent Non-Executive Director

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 Committee on quarterly basis.

10. Directors' Training

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. Some of the programmes and courses attended by the Directors during the financial year under review include the following:

- 5th Malaysian Property Summit 2012;
- Sustainability Management Workshop;
- Asia Executive Programs: International Public Private Partnership (PPP) & Infrastructure Summit & Exhibition 2012;
- Bursa : Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012;
- Credit Suisse Market Outlook Seminar;
- The CNBC Summit : Malaysia;
- Ernst & Young 2013 Budget Seminar;
- Malaysian Institute of Accountants: A Global Perspective of iFRS and Salient Issues in MFRS;
- Financial Institutions Directors' Education: Roundtable Discussion on Value Creation and Compliance;
- Bursa : Managing Corporate Risk and Achieving Internal Control through Statutory Compliance;
- The 26th Sultan Azlan Shah Law Lecture 2012;
- Bursa: Governance, Risk Management and Compliance : What Directors Should Know; and
- NCR Land Development workshop – "The law, the challenges and the way forward on NCR Land Development in Sarawak".

B. DIRECTORS' REMUNERATION

Policies and Procedures

The 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 Non-Executive Directors for each Board or committee meeting they attend.

The aggregate remuneration of Directors for the financial year ended 31 December 2012 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries / Allowances & Other Emoluments	2,256,642	27,000
Fees	93,600	417,300
Defined contribution plan	209,053	-
Estimated money value of benefits-in-kind	239,040	-
Total	2,798,335	444,300

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	-	1
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	-	3
RM200,001 – RM250,000	1	-
Above RM250,000	2	-

C. SHAREHOLDERS

Communication with Shareholders and Investors

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.

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. Details of any special business are included in an explanatory statement to provide relevant information on matters involved.

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 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 maximising 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 Committee. The Group's Statement on Risk Management & Internal Control is set out on page 56 to 58.

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 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.

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

Share Buy-Back

As per the Record of Depositors as at 18 April 2013, the Company held as treasury shares a total of 5,386,000 of its 223,508,536 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,559,005.

Options, Warrants or Convertible Securities

<u>Redeemable Convertible Secured Loan Stocks ("RCSLS") and Warrants</u>

During the financial year under review, no RCSLS were converted and no 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, non-audit fees of RM228,700 were incurred for services rendered to the Group for the financial year ended 31 December 2012.

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

The Company's wholly-owned subsidiary, Encorp Must Sdn. Bhd. ("EMSB"), had entered into a Joint Venture Agreement on 4 April 2007 with Indi Makmur Sdn. Bhd. ("Indi Makmur") and Lunarhati Sdn. Bhd. ("Lunarhati") ["JVA"] to establish an unincorporated joint venture for the purpose of developing two contiguous parcels of land at Bukit Cerakah, Section U10, Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan, into a mixed development comprising residential and commercial development.

On 3 April 2013, EMSB, Indi Makmur and Lunarhati had collectively agreed to terminate the JVA for non-fulfillment of conditions precedent of the JVA.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit Committee for the financial year ended 31 December 2012.

MEMBERSHIP

Members of the Audit Committee during the financial year ended 31 December 2012 were as follows:

Name	Designation	Directorship
Dato' Chew Kong Seng @ Chew Kong Huat	Chairman	Senior Independent Non-Executive Director
Datuk Fong Joo Chung	Member	Independent Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing	Member	Independent Non-Executive Director

MEETINGS AND ATTENDANCE

The Audit Committee met five (5) times during the financial year 2012 at the Board Room, Third Floor, Encorp Berhad, 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on the following dates:

Meeting No.	Date
1/2012	27 February 2012
2/2012	25 April 2012
3/2012	23 May 2012
4/2012	8 August 2012
5/2012	21 November 2012

The details of attendance of each member of the Audit Committee at the meetings held are as follows:

Audit Committee Member	Attendance at Meetings	Percentage of Attendance
Dato' Chew Kong Seng @ Chew Kong Huat	5 of 5	100%
Datuk Fong Joo Chung	5 of 5	100%
Datuk (Dr) Philip Ting Ding Ing	5 of 5	100%

The Group Chief Executive Officer, Chief Operating Officer, 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 Committee. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit 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 COMMITTEE

Policy

It is the policy of Encorp Berhad to establish an Audit Committee to ensure that internal and external audit functions are properly conducted, and that audit recommendations are being carried out effectively by all subsidiaries of the Encorp Berhad Group.

Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

(a) evaluate the quality of the audits performed by the internal and external auditors;

(b) provide assurance that the financial information presented by management is relevant, reliable and timely;

(c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

(d) determine the quality, adequacy and effectiveness of the Group's control environment.

Composition of the Audit Committee

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

In this respect, the Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

   i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

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

Retirement and Resignation

If a member of the Audit 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 within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

Chairman

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

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee 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 Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Meetings

The Audit 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 Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

The Finance Director, the Head of Internal Audit 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 Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit 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 Committee shall have a second or casting vote.

Minutes

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

The minutes of the Audit 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

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

Authority

The Audit 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, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.

(c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

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

(e) where the Audit 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 Listing Requirements of Bursa Securities, the Audit Committee shall promptly report such matter to Bursa Securities.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

(a) To consider the appointment of external auditors, the audit fee and any question of resignation or dismissal;

(b) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(c) To review with the external auditors their evaluation of the system of internal controls and audit report;

(d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:-

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumptions; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);

(f) To review the external auditors' management letter and management's response;

(g) To do the following, in relation to the internal audit function:

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

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

(i) To report its findings on the financial and management performance and other material matters to the Board;

(j) To consider the major findings of internal investigations and management's response;

(k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

(l) To determine the remit of the internal audit function;

(m) To consider other topics as defined by the Board; and

(n) To consider and examine such other matters as the Audit Committee considers appropriate.

TRAINING

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

- Ernst & Young 2013 Budget Seminar;
- Malaysian Institute of Accountants: A Global Perspective of iFRS and Salient Issues in MFRS;
- Financial Institutions Directors' Education: Roundtable Discussion – Board of Directors: Value Creation vs Compliance;
- Bursa Managing Corporate Risk and Achieving Internal Control through Statutory Compliance;
- The 26th Sultan Azlan Shah Law Lecture 2012;
- Bursa: Governance, Risk Management and Compliance: What Directors Should Know; and
- NCR Land Development workshop – "The law, the challenges and the way forward on NCR Land Development in Sarawak"

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

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

- Reviewed the quarterly unaudited financial statements of the Group for the financial quarters ended 31 December 2011, 31 March 2012, 30 June 2012 and 30 September 2012 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 2011 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 2012.

- Reviewed and approved the annual internal audit plan for 2013.
- Reviewed related party transactions entered into by the Group.
- Discussed the implications 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 Group has outsourced its internal audit function with the appointment of an independent professional firm, Tricor Roots Governance Sdn Bhd ("Tricor") to assist the Audit Committee in discharging its duties and responsibilities since August 2011.

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 2012, the major activities carried out by Tricor were as follows:

- Developed the annual internal audit plan and submitted that plan to the Audit Committee for review and approval.
- Performed a variety of reviews 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 Committee detailing audit issues and recommendations to overcome the deficiencies or to enhance controls.
- Conducted follow-up on selected area upon Audit Committee's request.
- Issued quarterly internal audit reports that summarised audit activities carried out and audit issues raised.
- Tabled and discussed the reported audit issues and corrective actions adopted by Management at Audit Committee meetings.
- Conducted risk-based internal audits on a quarterly basis in accordance with the approved internal audit plan.

The costs incurred for the internal audit function for the financial year ended 31 December 2012 amounted to RM91,460.31.

The Company recognises the importance of effective communication with shareholders, investors and the public in general.

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 Committee ("AC") 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

    i. Identifying particular events or circumstances relevant to the Group's objectives;

    ii. Assessing the risks in terms of likelihood and magnitude of impact;

    iii. Evaluating the risks;

    iv. Determining the action plans to address the risk identified; and

    v. 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 AC and the Risk Management Committee ("RMC") continuously review the overall management of principal areas of risk. The Group appointed a professional independent firm, Tricor Roots Consulting Sdn Bhd to assist the RMC from May 2011 to April 2012. Thereafter, the Group has established its own Risk Management Team to continuously carry out its responsibilities with regard to identifying and managing principal risks.

The Audit Committee is briefed quarterly by the RMC. The RMC comprise the Group's senior management and the head of departments. 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 Unit ("RMU") at the operational level. The members of RMU comprise representatives from departmental operations and support functions. Quarterly RMU meetings and ad-hoc meetings were held by RMU members to deliberate, monitor and implement their respective risk areas by reviewing and updating the risk register as well as a risk profile of the Group has been compiled to help RMC and the Board to prioritise their focus on areas of high risks.

INTERNAL AUDIT

During the year, the internal audit function was outsourced to an independent consulting firm, Tricor Roots 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 Committee on a quarterly basis.
In the year under review, the following processes of the Group's operations were reviewed by the internal auditors:

- Contract Management
- Procurement Management
- Marketing Management
- Sales Administration
- Financial Management

The findings arising from the above reviews have been reported to management for their response and subsequently for the Audit Committee 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 audits are conducted to ensure compliance with the quality management system, the ISO 9001: 2008.
- Limits of Authority clearly define the lines of authority in making operational and commercial business decisions.

c. Monitoring process by Audit 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 Performance Review

- 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.
- Actual results against budget are monitored with major variances explained and followed up.
- Regular meetings at departmental, divisional and subsidiary levels provide a sound platform for staff to communicate with, and provide feedback to and

from management.

- A systematic performance appraisal system based on achievement of agreed targets for all levels of staff is in practice.

- Relevant trainings are provided to personnel across all function to maintain a high level of competency and capability.

e. 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.

f. 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 Group Chief Executive Officer and General Manager, Finance, 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 2012 up to the date of approval of this statement. This statement is made in accordance with the resolution of the Board of Directors on April 24th 2013.

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 inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system internal control.

Sustainability Report

We launched Encorp's inaugural Sustainability Report in 2011. A major milestone for our company, it provides a documented journey of our commitment in reducing our environmental footprint, improve our safety performance and contributions to the community.

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 2012, 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.

5 Leadership ensuring delivery

BOARD OF DIRECTORS

YBhg Dato Sri Mohd Effendi bin Norwawi
Executive Chairman
Non-Independent Executive Director

Dato Sri Mohd Effendi (Malaysian, aged 65) joined the Board of Encorp Berhad as Executive Chairman on 1 September 2009. He was Executive Chairman and Group Chief Executive Officer from 1 December 2010 to 3 October 2011. He was re-designated as Executive Chairman with effect from 3 October 2011.

Dato Sri holds a Bechelor of Art (Hons) majoring in Development Administration from the University of Tasmania. He was also conferred an Honorary Degree of the Doctor of Laws from the same University.

Dato Sri was Executive Chairman of Sarawak Economic Development Corporation from 1981 to 1995. He was the Chairman of Bank Utama (now part of the RHB Banking Group) between 1990 and 1995 leading its turnaround. He also founded ntv7, the private free-to-air TV channel that he has since divested.

Dato Sri served as a state assemblyman in Sarawak from 1991 to 1999 and later as Member of Parliament between 1999 and 2004. He joined the Federal Cabinet in 1999 and was Minister of Agriculture until 2004. In February 2006, he was appointed as Minister in the Prime Minister's Department in charge of Economic Planning Unit, a position he held until 2008. He was a Senator in the Upper House of Parliament from 2006 until 9 March 2012.

In the field of education, Dato Sri was appointed Special Envoy of the Prime Minister for Higher Education with a Ministerial rank in September 2004.

Dato Sri also serves as member on the Boards of M.U.S.T Ehsan Foundation, The Malaysia-Australia Foundation, Third Sector Enterprise (Malaysia) Berhad and Malaysian-German Chamber of Commerce and Industry.

Dato Sri has deemed interest in the Company through Lavista Sdn Bhd pursuant to section 6A of the Companies Act, 1965.

Dato Sri is the father of Efeida binti Mohd Effendi, a Director of Encorp Berhad. He has not been convicted of any offence within the past 10 years.

Efeida binti Mohd Effendi
Non-Independent Executive Director
Member of the Remuneration Committee

Efeida (Malaysian, aged 40) was appointed to the Board of Encorp Berhad on 16 April 2001.

A Bachelor of Fine Arts degree holder from the prestigious Parsons School of Design, New York, Efeida worked in several leading architectural firms in New York upon graduating before returning to Malaysia.

Efeida has deemed interest in the Company through the substantial shareholding in Lavista Sdn Bhd held by her and person connected to her.

Efeida is the daughter of Dato Sri Mohd Effendi bin Norwawi, a director of Encorp Berhad. She has not been convicted of any offence within the past 10 years.

Yeoh Soo Ann
Non-Independent Executive Director
Group Chief Executive Officer

Yeoh (Malaysian, aged 52) joined the Board of Encorp Berhad as Group Chief Executive Officer on 3 October 2011.

Yeoh has been a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants since 1988 and is currently a member of CPA Australia Ltd since November 2008.

Yeoh has worked in various public accounting firms in the United Kingdom and Malaysia for more than 12 years, before moving into the commercial sector. Prior to his appointment, he was Executive Director of GW Plastics Holdings Berhad. He was also formerly Executive Director of Finance of FACB Industries Incorporated Berhad. He is currently a Director of GW Plastics Holdings Berhad.

Yeoh 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 (Dr) Philip Ting Ding Ing
Independent Non-Executive Director
Chairman of the Nomination Committee
Member of the Audit Committee

Datuk Philip Ting (Malaysian, aged 61) was appointed to the Board of Encorp Berhad on 16 April 2001.

Datuk Philip Ting holds a Bachelor of Business degree majoring in Accounting, as well as a Doctorate of the University (Honoris Causa) from Swinburne University of Technology, Australia. He is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

A Fellow of the Institute of Chartered Accountants in Australia, Datuk Philip Ting was in public practice for 17 years beginning with Touche Ross & Co in Australia in 1973 and ending as a Partner of Arthur Andersen & Co/Hanafiah Raslan & Mohamad in Malaysia. From 1991 to 1994, he was Chief Executive Officer of Sarawak Securities Sdn Bhd, a major stock-broking company in Malaysia and from 1994 to 1998, he was Group Managing Director of Cahya Mata Sarawak Berhad, a diversified conglomerate in Malaysia. He was the Acting Group Chief Executive Officer of Encorp Berhad from 1 October 2010 to 30 November 2010. During his working career, he spent a significant amount of time consulting and investing in Australia, the United States of America and in countries throughout Southeast Asia.

Datuk Philip Ting currently sits on the Board of Ibraco Berhad as deputy chairman and a number of private companies with business interests throughout Australasia. He is the chairman of Executive Committee of The Malaysia-Australia Foundation. He is also the Honorary Consul for Australia in Sarawak and the deputy president of the Sarawak Chamber of Commerce and Industries. He is also a board and council member of Swinburne University of Technology, Sarawak and chairman of the University's finance committee.

Other than the 2,278,000 shares, 569,500 nominal value of Redeemable Convertible Secured Loan Stocks and 284,750 Warrants held by Datuk Philip Ting in the Company, he does not have any other interest with the Company. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

YBhg Dato' Chew Kong Seng @ Chew Kong Huat
Senior Independent Non-Executive Director
Chairman of the Audit Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Dato' Chew (Malaysian, aged 75) was appointed to the Board of Encorp Berhad on 2 December 2002.

Dato' Chew is a Fellow of the Institute of Chartered Accountants in England and Wales, Member of the Malaysian Institute of Certified Public Accountants and Member of the Malaysian Institute of Accountants.

A former Managing Partner of accounting firm Ernst & Young in Malaysia from 1990 to 1996, Dato' Chew has over 30 years of experience in the accounting profession, covering a variety of industries which includes banking and financial institutions, timber, manufacturing, trading and foreign investment.

Dato' Chew is currently a Director of Bank of America Berhad, Aeon Co (M) Berhad, GuocoLand (Malaysia) Berhad, PBA Holdings Berhad and GW Plastics Holdings Berhad.

Dato' Chew 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 Fong Joo Chung
Independent Non-Executive Director
Chairman of the Remuneration Committee
Member of the Nomination Committee
Member of the Audit Committee

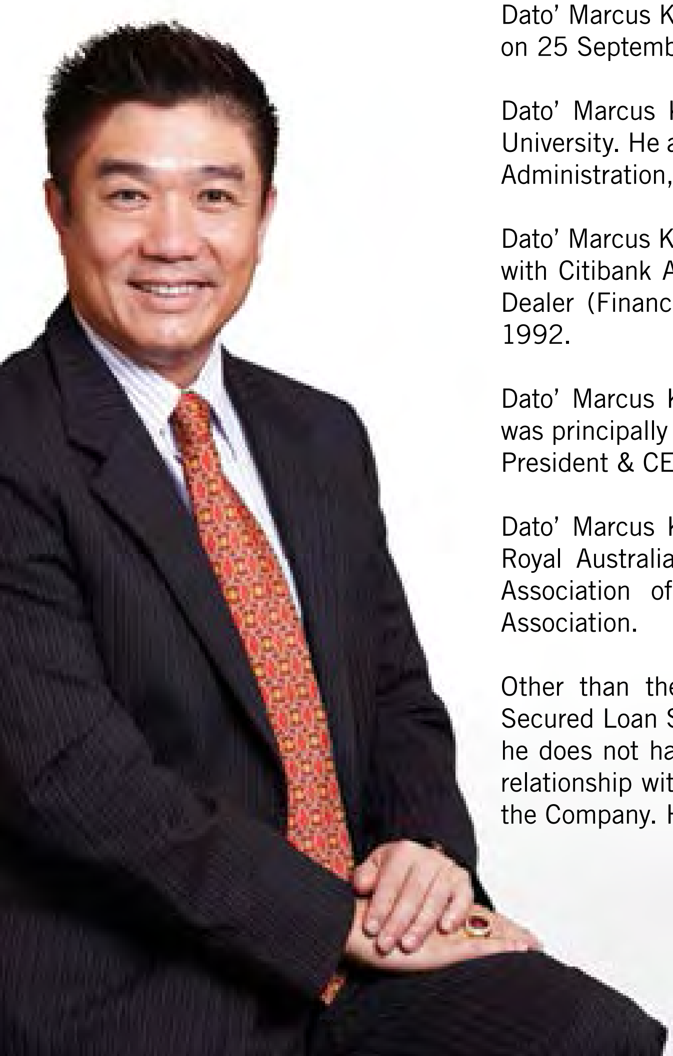
Datuk Fong (Malaysian, aged 64) was appointed to the Board of Encorp Berhad on 16 April 2001.

Datuk Fong graduated with a Bachelor degree in Law (LLB) with Honours from the University of Bristol, United Kingdom, in 1971 prior to obtaining his Barrister-at-law from Lincoln's Inn in the same year.

Datuk Fong began his professional career as an advocate in private legal practice at the end of 1971 before being appointed as State Attorney-General of Sarawak in August 1992. His service ended on 31 December 2007 but he has been retained by the Sarawak Government in an advisory capacity as State Legal Counsel. He served as Councilor with the Kuching Municipal Council and later the Council of Kuching City South from October 1981 to March 1992.

Datuk Fong is a Director of Sarawak Energy Berhad, Bintulu Port Holdings Berhad, Syarikat SESCO Berhad, Lingui Developments Berhad and Sarawak Cable Berhad. He is also a Director of several private companies including Borneo Development Corporation (Sarawak) Sdn Bhd, Harwood Timber Sdn Bhd, Permodalan Assar Sdn Bhd and Curtin (Malaysia) Sdn Bhd. He is on the Board of Trustees for Yaw Teck Seng Foundation, Yayasan Perpaduan Sarawak and Sarawak Heart Foundation.

Datuk Fong 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' Marcus Kam Kok Fei
Independent Non-Executive Director

Dato' Marcus Kam (Malaysian, aged 49) was appointed to the Board of Encorp Berhad on 25 September 2009.

Dato' Marcus Kam graduated with a degree in Chemical Engineering from Monash University. He also holds a Master of Science (Biotechnology) and a Master of Business Administration, both from the University of New South Wales.

Dato' Marcus Kam started his career as a Treasury Risk Manager (Investment Banking) with Citibank Australia from 1989 to 1990 and thereafter, as a Treasury Derivatives Dealer (Financial futures and options) with Dresdner Bank Australia from 1991 to 1992.

Dato' Marcus Kam joined the F.W. Kam Holdings group of companies in 1992 and was principally in charge of the Group's marketing functions. He is currently the Group President & CEO of F.W. Kam Holdings (Malaysia) Sdn Bhd.

Dato' Marcus Kam is an Associate Member of the Institute of Chemical Engineers, Royal Australian Chemical Institute, the Young Presidents' Organisation, Malaysian Association of Private Medical Laboratories and the Malaysian Retailer-Chains Association.

Other than the 47,000 shares, 5,000 nominal value of Redeemable Convertible Secured Loan Stocks and 2,500 Warrants held by Dato' Marcus Kam in the Company, he does not have any other interest with the Company. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

YBhg Datuk Dr Md Hamzah bin Md Kassim
Independent Non-Executive Director
Member of the Remuneration Committee
Member of the Nomination Committee

Datuk Dr Md Hamzah (Malaysian, aged 65) was appointed to the Board of Encorp Berhad on 17 December 2009.

Datuk Dr Md Hamzah holds a PhD in Business from Aston University, Birmingham, United Kingdom. He also holds a Master of Business Administration from Texas Christian University and BA from Monmouth College, both from the United States of America. He was recently inducted into the Hall of Achievement of Monmouth College joining other American luminaries graduating from the college.

Datuk Dr Md Hamzah is currently the co-founder and Chief Executive Officer of IA Group Sdn Bhd. He was a former Executive Director of Ernst & Young, Vice President and Country Head of Cap Germini Ernst & Young and Country Head of PA Consulting Group.

Prior to joining the consulting industry in 1995, Datuk Dr Md Hamzah held various senior positions in Government in the field of industrial R&D management and public policy on technology development and innovation for over 18 years. He was involved in a number of strategic initiatives to upgrade and enhance Malaysia's national competitiveness. In the last 10 years, he was involved in leading large scale business and IT transformation across several industries. He had also collaborated with several international agencies in helping design policies and programs related to economic reform, public sector management and institutional development.

In July 2009, Datuk Dr Md Hamzah was appointed by the Prime Minister as a member of the National Economic Advisory Council (NEAC). He is also a member of the Review and Operational Panel of the Malaysian Anti-Corruption Commission (MACC) and the National Higher Education Entrepreneurship Council (NHEEC).

Datuk Dr Md Hamzah 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

Mohd Ibrahim Masrukin, Group Chief Operating Officer // Steven Hooi, CEO Encorp Construct Sdn Bhd // Mohd Fairuz Hj Abdullah, Group Director Business Development // Dato' Khairul Yusni, Director Special Projects // Ghazali Md Noor, General Manager, Group HRA // Michael Chan, Chief Marketing Officer // Michael Wong, Deputy Director Project // Lee Lay Hong, General manager, Legal and Corporate Services // Tam Yet Shyan, General Manager Finance // William Seow Yoke Loong, General Manager Finance Properties // Md Arifin bin Naim, General Manager Special Project // Richard Lim Poe Teik, General Manager Projects // Maxz Cheong Kar Leong, General Manager Projects

6 Delivering the numbers

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 2012.

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	Company RM
Profit net of tax	24,649,749	69,949,072
Profit attributable to:		
Owners of the parent	7,078,353	69,949,072
Non-controlling interest	17,571,396	-
	24,649,749	69,949,072

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.

Dividends

The amounts of dividends paid by the Company since 31 December 2011 were as follows:

	RM
In respect of the financial year ended 31 December 2012:	
Interim single-tier dividend of 2 sen, on 223,508,536 ordinary shares declared on 23 May 2012 and paid on 4 July 2012	4,362,451

Dividends (contd.)

At the forthcoming Annual General Meeting, a single-tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2012 on 223,508,536 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

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:

Dato Sri Mohd Effendi bin Norwawi
Yeoh Soo Ann
Efeida binti Mohd Effendi
Datuk (Dr) Ting Ding Ing
Datuk Fong Joo Chung
Dato' Chew Kong Seng @ Chew Kong Huat
Dato' Kam Kok Fei
Datuk Dr Md Hamzah bin Md Kassim

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

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, debentures and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2012	Acquired	Sold	31.12.2012
(a) Direct interest in shares of the Company:				
Datuk (Dr) Ting Ding Ing	2,278,000	-	-	2,278,000
Dato' Kam Kok Fei	20,000	-	-	20,000
(b) Deemed interest in shares of the Company:				
Dato Sri Mohd Effendi bin Norwawi #	66,636,036	-	-	66,636,036
Efeida binti Mohd Effendi *	66,636,036	-	-	66,636,036

	Number of 6% redeemable convertible secured loan stocks ("RCSLS") of RM1 each			
	1.1.2012	Acquired	Sold	31.12.2012
(a) Direct interest in RCSLS of the Company:				
Datuk (Dr) Ting Ding Ing	569,500	-	-	569,500
Dato' Kam Kok Fei	5,000	-	-	5,000
(b) Deemed interest in RCSLS of the Company:				
Dato Sri Mohd Effendi bin Norwawi #	16,659,009	-	-	16,659,009
Efeida binti Mohd Effendi *	16,659,009	-	-	16,659,009

	Number of warrants of RM1 each			
	1.1.2012	Acquired	Sold	31.12.2012
(a) Direct interest in warrants of the Company:				
Datuk (Dr) Ting Ding Ing	284,750	-	-	284,750
Dato' Kam Kok Fei	2,500	-	-	2,500

Directors' interest (contd.)

	Number of warrants of RM1 each			
	1.1.2012	Acquired	Sold	31.12.2012
(b) Deemed interest in warrants of the Company:				
Dato Sri Mohd Effendi bin Norwawi #	8,329,505	-	-	8,329,505
Efeida binti Mohd Effendi *	8,329,505	-	-	8,329,505

Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

* By virtue of the substantial shareholding in Lavista Sdn. Bhd. held by her and person connected to her.

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

Treasury shares

As at 31 December 2012, the Company held as treasury shares a total of 5,386,000 of its 223,508,536 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.

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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

Other statutory information (contd.)

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

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in 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.

(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 events

Details of significant events are disclosed in Note 18 and 19(d)(i) 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 24 April 2013.

Dato Sri Mohd Effendi bin Norwawi	Yeoh Soo Ann

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

We, Dato Sri Mohd Effendi bin Norwawi and Yeoh Soo Ann, 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 80 to 176 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 2012 and of their financial performance and cash flows for the year then ended.

<u>Supplementary information – breakdown of retained profits into realised and unrealised</u>

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, as above, the information set out in Note 39 on page 177 to the financial statements 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 24 April 2013.

Dato Sri Mohd Effendi bin Norwawi

Yeoh Soo Ann

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

I, Tam Yet Shyan, 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 80 to 177 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 Tam Yet Shyan
at Petaling Jaya in the state of
Selangor on 24 April 2013

Tam Yet Shyan

Before me,

Guna Papoo (B338)
Commissioner for Oaths

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 2012 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 80 to 176.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that 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 are 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.

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

Opinion

In our opinion, the financial statements have been properly 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 2012 and of their financial performance and cash flows for the year then ended.

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' report 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.

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

Other matters

The Supplementary information set out in Note 39 on page 177 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. 1759/02/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 April 2013

Statements of comprehensive income
For the year ended 31 December 2012

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Revenue	4	396,515,177	289,927,264	132,623,710	59,113,930
Cost of sales	5	(194,709,401)	(135,642,910)	(46,119,023)	(48,994,034)
Gross profit		201,805,776	154,284,354	86,504,687	10,119,896
Other income	6	10,876,141	10,094,842	3,738,082	2,351,592
Selling and maketing expenses		(10,545,928)	(11,281,361)	-	-
Administrative expenses		(31,733,360)	(27,562,298)	(13,819,385)	(14,178,123)
Finance costs	7	(116,126,451)	(104,650,170)	(5,515,996)	(4,414,979)
Other expenses		(12,089,451)	(8,786,276)	(1,261,854)	(1,013,257)
Profit/(loss) before tax	8	42,186,727	12,099,091	69,645,534	(7,134,871)
Income tax expenses / (benefit)	12	(17,536,978)	17,864,166	303,538	264,345
Profit/(loss) net of tax		24,649,749	29,963,257	69,949,072	(6,870,526)
Other comprehensive income					
Foreign currency translation		504,721	26,604	-	-
Total comprehensive income/(loss) for the year		25,154,470	29,989,861	69,949,072	(6,870,526)
Profit/(loss) attributable to:					
Owners of the parent		7,078,353	24,568,668	69,949,072	(6,870,526)
Non-controlling interest		17,571,396	5,394,589	-	-
		24,649,749	29,963,257	69,949,072	(6,870,526)

Statements of comprehensive income
For the year ended 31 December 2012 (contd.)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Total comprehensive income attributable to:					
Owners of the parent		7,583,074	24,595,272	69,949,072	(6,870,526)
Non-controlling interest		17,571,396	5,394,589	-	-
		25,154,470	29,989,861	69,949,072	(6,870,526)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	13	3.25	11.26		
Diluted	13	-	10.10		

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

Statements of financial position
As at 31 December 2012

		Group		Company	
	Note	2012	2011	2012	2011
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	15	21,538,766	12,222,230	21,851,633	10,154,561
Intangible assets	16	100,807,613	111,059,109	785,814	1,046,472
Land held for property development	17(a)	52,846,115	32,062,256	-	-
Investment in subsidiaries	18	-	-	295,960,310	295,960,308
Trade receivables	19	1,031,418,646	1,063,116,523	-	-
Deferred tax assets	20	3,239,611	1,653,029	-	-
		1,209,850,751	1,220,113,147	318,597,757	307,161,341
Current assets					
Property development costs	17(b)	300,958,907	223,092,108	-	-
Inventories	21	44,972,821	44,615,234	-	-
Tax recoverable		129,736	514,320	60,000	60,000
Trade and other receivables	19	107,007,903	81,602,357	137,107,499	111,856,677
Other current assets	22	35,837,096	48,972,491	183,284	151,317
Investment security	24	242,995,592	118,073,739	36,538,752	-
Cash and bank balances	25	60,435,625	30,927,217	3,488,862	5,924,605
		792,337,680	547,797,466	177,378,397	117,992,599
Total assets		2,002,188,431	1,767,910,613	495,976,154	425,153,940

Statements of financial position
As at 31 December 2012 (contd.)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	26	111,700,076	112,146,523	27,292,833	35,812,468
Other current liabilities	27	11,322,633	6,544,395	2,450	34,646
Loans and borrowings	28	168,229,943	97,574,597	3,541,259	1,651,465
Income tax payable		5,094,056	1,943,281	-	-
		296,346,708	218,208,796	30,836,542	37,498,579
Net current assets		495,990,972	329,588,670	146,541,855	80,494,020
Non-current liabilities					
Trade payables	26	44,595,529	30,307,905	-	-
Loans and borrowings	28	1,253,182,341	1,131,144,018	73,927,006	61,695,838
Deferred tax liabilities	20	7,473,661	8,451,721	1,283,918	1,617,456
		1,305,251,531	1,169,903,644	75,210,924	63,313,294
Total liabilities		1,601,598,239	1,388,112,440	106,047,466	100,811,873
Net assets		400,590,192	379,798,173	389,928,688	324,342,067
Equity attributable to owners of the parent					
Share capital	30	223,508,536	223,508,536	223,508,536	223,508,536
Treasury shares	30	(4,559,005)	(4,559,005)	(4,559,005)	(4,559,005)
Share premium	30	102,434,688	102,434,688	102,434,688	102,434,688
Other reserves	31	7,801,540	7,296,819	5,555,406	5,555,406
Retained earnings / (accumulated losses)	32	21,589,758	18,873,856	62,989,063	(2,597,558)
		350,775,517	347,554,894	389,928,688	324,342,067
Non-controlling interest		49,814,675	32,243,279	-	-
Total equity		400,590,192	379,798,173	389,928,688	324,342,067
Total equity and liabilities		2,002,188,431	1,767,910,613	495,976,154	425,153,940

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

Consolidated statement of changes in equity
For the year ended 31 December 2012

			Attributable to owners of the parent								
				Non-distributable						Distributable	
	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Share capital RM	Share premium RM	Treasury shares RM	Other reserves, total RM	Warrant reserve RM	Equity component of RCSLS RM	Foreign currency translation reserve RM	Retained earnings RM	Non-controlling interest RM
At 1 January 2012		379,798,173	347,554,894	223,508,536	102,434,688	(4,559,005)	7,296,819	4,681,557	873,849	1,741,413	18,873,856	32,243,279
Total comprehensive income		25,154,470	7,583,074	-	-	-	504,721	-	-	504,721	7,078,353	17,571,396
Transactions with owners												
Dividend paid	14	(4,362,451)	(4,362,451)	-	-	-	-	-	-	-	(4,362,451)	-
At 31 December 2012		400,590,192	350,775,517	223,508,536	102,434,688	(4,559,005)	7,801,540	4,681,557	873,849	2,246,134	21,589,758	49,814,675

Consolidated statement of changes in equity
For the year ended 31 December 2011 (contd.)

			Attributable to owners of the parent								
				Non-distributable						Distributable	
	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Share capital RM	Share premium RM	Treasury shares RM	Other reserves, total RM	Warrant reserve RM	Equity component of RCSLS RM	Foreign currency translation reserve RM	(Accumulated losses)/ retained earnings RM	Non-controlling interest RM
At 1 January 2011		346,267,347	319,543,747	223,508,536	104,574,219	(4,559,005)	1,714,809	-	-	1,714,809	(5,694,812)	26,723,600
Total comprehensive income		29,989,861	24,595,272	-	-	-	26,604	-	-	26,604	24,568,668	5,394,589
Transactions with owners												
Issuance of redeemable convertible secured loan stocks ("RCSLS")	31	5,555,406	5,555,406	-	-	-	5,555,406	4,681,557	873,849	-	-	-
Issuance of RCSLS expenses	30	(2,139,531)	(2,139,531)	-	(2,139,531)	-	-	-	-	-	-	-
Non-controlling interest arising from acquisition of subsidiaries		125,090	-	-	-	-	-	-	-	-	-	125,090
Total transactions with owners		3,540,965	3,415,875	-	(2,139,531)	-	5,555,406	4,681,557	873,849	-	-	125,090
At 31 December 2011		379,798,173	347,554,894	223,508,536	102,434,688	(4,559,005)	7,296,819	4,681,557	873,849	1,741,413	18,873,856	32,243,279

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 2012

	Note	Equity, total	Non-distributable						Distributable
			Share capital	Share premium	Treasury shares	Other reserves, total	Warrant reserves	Equity component of RCSLS	(Accumulated losses)/ retained earnings (Note 32)
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2012		324,342,067	223,508,536	102,434,688	(4,559,005)	5,555,406	4,681,557	873,849	(2,597,558)
Total comprehensive income		69,949,072	-	-	-	-	-	-	69,949,072
Transactions with owners									
Dividend paid	14	(4,362,451)	-	-	-	-	-	-	(4,362,451)
At 31 December 2012		389,928,688	223,508,536	102,434,688	(4,559,005)	5,555,406	4,681,557	873,849	62,989,063
At 1 January 2011		327,796,718	223,508,536	104,574,219	(4,559,005)	-	-	-	4,272,968
Total comprehensive income		(6,870,526)	-	-	-	-	-	-	(6,870,526)
Transactions with owners									
Issuance of redeemable convertible secured loan stocks ("RCSLS")	31	5,555,406	-	-	-	5,555,406	4,681,557	873,849	-
Issuance of RCSLS expenses	30	(2,139,531)	-	(2,139,531)	-	-	-	-	-
Total transactions with owners		3,415,875	-	(2,139,531)	-	5,555,406	4,681,557	873,849	-
At 31 December 2011		324,342,067	223,508,536	102,434,688	(4,559,005)	5,555,406	4,681,557	873,849	(2,597,558)

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

Statements of cash flows
For the year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Operating activities				
Profit/(loss) before tax	42,186,727	12,099,091	69,645,534	(7,134,871)
Adjustments for:				
Depreciation	1,852,949	1,173,830	974,786	732,894
Amortisation of intangible assets	360,109	352,567	287,068	280,363
Interest expense	116,126,451	104,650,170	5,515,996	4,414,979
Distribution income from money market investment security	(3,893,719)	(3,928,797)	(349,015)	-
(Gain)/loss on disposal of investment security	(1,117,999)	336,306	-	-
Interest income	(1,057,772)	(789,889)	(2,595,153)	(2,333,688)
Provision for short term accumulating compensated absences	217,326	-	68,938	-
Reversal of provision for liquidated ascertained damages	-	(64,575)	-	-
(Gain)/loss on disposal of property, plant and equipment	(160,431)	(8,829)	(121,146)	(17,904)
Allowance for impairment on other receivables	(563,980)	-	-	-
Write off of intangible asset	6,680	-	-	-
Write off of property, plant and equipment	-	18,095	-	-
Gain on disposal of non-current asset held for sale	-	(958,998)	-	-
Impairment of goodwill on consolidation	9,922,233	7,259,879	-	-
Reversal of provision for tax penalty	-	(1,884,513)	-	-
Unrealised foreign exchange gain	-	-	(465,751)	-
Finance income - other liabilities at amortised costs	(2,777,728)	(2,333,399)	-	-
Bad debts written off	2,764,061	-	-	-
Operating cash flows before changes in working capital	163,864,907	115,920,938	72,961,257	(4,058,227)

Statements of cash flows
For the year ended 31 December 2012 (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Operating activities (contd.)				
Operating cash flows before working capital changes brought forward	163,864,907	115,920,938	72,961,257	(4,058,227)
Changes in working capital:				
Development expenditure	(77,866,799)	(48,539,336)	-	-
Inventories	(357,587)	(9,603,205)	-	-
Trade and other receivables	4,092,250	48,199,306	3,655,844	4,348,274
Other current assets	(7,648,464)	6,988,885	(31,967)	329,534
Corporate shareholder of the company and of a subsidiary	(3,310,461)	(21,215,132)	(188,422)	(4,103,846)
Trade and other payables	18,565,652	(30,060,840)	(351,840)	(353,379)
Other current liabilities	4,778,238	(5,698,300)	(32,196)	(7,076)
Subsidiaries	-	-	(36,489,226)	(42,582,682)
Cash flows from/(used in) operations	102,117,736	55,992,316	39,523,450	(46,427,402)
Interest paid	(2,128,949)	(1,727,936)	(234,706)	(322,766)
Income taxes (paid)/refunded	(16,566,262)	2,105,165	(30,000)	641,637
Net cash flows from/ (used in) operating activities	83,422,525	56,369,545	39,258,744	(46,108,531)
Investing activities				
Purchase of property, plant and equipment (Note a)	(8,229,558)	(5,262,272)	(12,371,858)	(4,320,450)
Purchase of intangible assets (Note a)	(37,526)	(92,046)	(26,410)	(10,190)
Proceeds from disposal of property, plant and equipment	245,902	141,793	121,146	141,791
Proceeds from disposal of non-current asset held for sale	-	3,517,245	-	-
Investment in investment security	(123,803,854)	(22,594,794)	36,538,752	-
Interest received	1,057,772	789,889	2,595,153	2,333,688
Net cash inflow from acquisition of subsidiaries	-	125,090	-	-
Investment in subsidiary	-	-	(2)	-
Distribution income	3,893,719	3,928,797	349,015	-
Net cash flows used in investing activities	(126,873,545)	(19,446,298)	(45,871,708)	(1,855,161)

Statements of cash flows
For the year ended 31 December 2012 (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Financing activities				
Redemption of Al-Bai Bithaman Ajil Notes ("ABBA Notes")	(1,135,580,972)	(128,000,000)	-	-
Sukuk Murabahah	1,134,958,655	-	-	-
Dividends paid to:				
- shareholders of the Company	(4,362,451)	-	(4,362,451)	-
Withdrawal/(placement) of deposits pledged	14,497,234	9,632,858	(46,376)	2,769,418
Proceeds from/(repayment of) loans and borrowings	83,021,526	22,872,025	13,346,753	(18,421,427)
Proceeds from issuance of RCSLS	-	65,706,060	-	65,706,060
Payment of RCSLS coupon	(3,942,354)	(2,956,773)	(3,942,353)	(2,956,773)
Issuance of RCSLS expenses	-	(2,139,531)	-	(2,139,531)
Net repayment of finance lease payables	(1,288,752)	(952,413)	(864,728)	(644,686)
Net cash flow from/(used in) financing activities	87,302,886	(35,837,774)	4,130,845	44,313,061
Net increase/(decrease) in cash and cash equivalents	43,851,866	1,085,473	(2,482,119)	(3,650,631)
Effect of exchange rate changes on cash and cash equivalents	504,431	26,888	-	-
Cash and cash equivalents at beginning of year	11,890,966	10,778,605	3,582,351	7,232,982
Cash and cash equivalents at end of year (Note 25)	56,247,263	11,890,966	1,100,232	3,582,351

Statements of cash flows
For the year ended 31 December 2012 (contd.)

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash	8,267,084	5,354,318	12,398,268	4,330,640
Finance lease	3,025,107	1,780,400	300,000	1,100,000
	11,292,191	7,134,718	12,698,268	5,430,640

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

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 Level 2, B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. The principal place of business of the Company is located at No. 45-G, Jalan PJU 5/21, The Strand Encorp, 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 financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 24 April 2013.

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 2012 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").

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

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

On 1 January 2012, the Group and the Company adopted the following applicable new and amended FRSs and IC interpretations:

Description	Effective for annual periods beginning on or after
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax Recovery of Underlying Assets	1 January 2012
FRS 124: Related Party Disclosures	1 January 2012
Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2012

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company except for those discussed below:

<u>Amendments to FRS 7: Transfers of Financial Assets</u>

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

2.3 Standard issued but not yet effective

Description	Effective for annual periods beginning on or after
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Employee Benefits	1 January 2013
FRS 127: Separate Financial Statements	1 January 2013
FRS 128: Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

2. Summary of significant accounting policies (contd.)

2.3 Standard issued but not yet effective (contd.)

Description	Effective for annual periods beginning on or after
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9: Financial Instruments	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

<u>Amendments to FRS 101: Presentation of Items of Other Comprehensive Income</u>

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

<u>FRS 9: Financial Instruments</u>

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

<u>FRS 10: Consolidated financial statements</u>

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

2. Summary of significant accounting policies (contd.)

2.3 Standard issued but not yet effective (contd.)

FRS 11: Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities - Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard has no impact on the Group's financial position or performance.

FRS 12: Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127: Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128: Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

2. Summary of significant accounting policies (contd.)

2.3 Standard issued but not yet effective (contd.)

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards ("MFRS Framework")

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

On 30 June 2012, MASB has decided to allow the Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

2. Summary of significant accounting policies (contd.)

2.3 Standard issued but not yet effective (contd.)

Malaysian Financial Reporting Standards ("MFRS Framework") (contd.)

At the date of these financial statements, the Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

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 2014.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transaction and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 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.

2.6 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.)

2.6 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.

2.7 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.

2. Summary of significant accounting policies (contd.)

2.7 Property, plant and equipment (contd.)

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.

2.8 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.

2. Summary of significant accounting policies (contd.)

2.8 Intangible assets (contd.)

a) Goodwill (contd.)

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 2.6.

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.

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.

2. Summary of significant accounting policies (contd.)

2.8 Intangible assets (contd.)

b) Other intangible assets (contd.)

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 Company has developed the following criteria to identify computers 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

- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as intangible asset.

2.9 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.)

2.9 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.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Financial assets

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

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 and the Company determine the classification of their 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.

2. Summary of significant accounting policies (contd.)

2.11 Financial assets (contd.)

a) Financial assets at fair value through profit or loss (contd.)

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 using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2. Summary of significant accounting policies (contd.)

2.12 Impairment of financial assets

The Group and the Company assess 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 and the Company consider 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, assets 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 and the Company'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.

2.13 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.)

2.14 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.

2.15 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.

2. Summary of significant accounting policies (contd.)

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

(ii) Property development costs

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

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

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

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

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

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

2.16 Inventories

Inventories are stated at lower of cost and net realisable value.

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

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.

2.17 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.

2. Summary of significant accounting policies (contd.)

2.17 Provisions (contd.)

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.

2.18 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 statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. All financial liabilities of the Group and Company are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (contd.)

2.19 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 and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

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 Employee 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.

2.21 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.

2. Summary of significant accounting policies (contd.)

2.21 Leases (contd.)

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).

2.22 Non-current assets held for sale

Non-current assets is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

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 2.15(ii).

b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.14.

c) Sale of goods

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

d) Concession income

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

2. Summary of significant accounting policies (contd.)

2.23 Revenue (contd.)

d) Concession income (contd.)

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period ("the residual concession period"). Accordingly, the Group is compensated in the form of interest as a result of the extended repayment period. The concession will expire in the year 2028.

e) Interest income

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

Interest income is recognised using the effective interest method.

f) Distribution income

Distribution income from money market investment security is recognised when the Group's received the distribution voucher from the investment security.

g) Dividend income

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

h) Management fees

Management fees are recognised when services are rendered.

i) Rental income

Rental income is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.24 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.

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

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.

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

b) Deferred tax (contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 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 2.18.

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 convertible redeemable preference shares 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. Summary of significant accounting policies (contd.)

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 and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

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

2.28 Treasury shares

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

2.30 Contingencies

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

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

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:

3. Significant accounting judgements and estimates (contd.)

3.1 Judgement made in applying accounting policies (contd.)

Classification between inventories and investment properties

The Group has developed certain criteria based on FRS 102 and FRS 140 in making judgement whether the self developed properties are to be classified as inventory or investment property. Inventories are assets held for sale in the ordinary course of business whereas investment property are held with the intention to earn rentals or for capital appreciation or both.

Certain unsold properties are temporarily held for use for administrative purposes and temporarily rented out. The Group has accounted for these properties as inventories as these unsold properties are intended for sale.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 16.

(b) Property development

The Group recognises property development revenue and expenses in the income statement 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.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(b) Property development (contd.)

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 income statement 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.

(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 and Company 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.

(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.

4. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Concession income	107,888,348	110,624,273	-	-
Sale of properties	228,541,502	89,050,327	-	-
Construction contracts revenue	55,856,960	87,494,284	47,060,210	49,993,930
Sale of goods	4,228,367	2,758,380	-	-
Dividend income from subsidiaries	-	-	77,091,500	-
Management fees from subsidiaries	-	-	8,472,000	9,120,000
	396,515,177	289,927,264	132,623,710	59,113,930

5. Cost of sales

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Property development costs (Note 17(b))	138,688,853	50,970,400	-	-
Construction contracts costs	48,687,551	82,235,566	46,119,023	48,994,034
Cost of goods sold	7,332,997	2,436,944	-	-
	194,709,401	135,642,910	46,119,023	48,994,034

6. Other income

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Gain on disposal of investment security	1,117,999	-	189,737	-
Rental income	1,078,110	15,540	-	-
Reversal of provision for tax penalty	-	1,884,513	-	-
Gain on disposal of non-current asset held for sale (Note 11)	-	958,998	-	-
Gain on disposal of property, plant and equipment	160,431	17,904	121,146	17,904
Reversal over accrued expenses	507,980	-	-	-
Interest income from loans and receivables	1,057,772	789,889	2,595,153	2,333,688
Distribution income from money market investment security	3,893,719	3,928,797	349,015	-
Net unrealised foreign exchange gain	-	-	465,751	-
Finance income - other liabilities at amortised costs*	2,777,728	2,333,399	-	-
Miscellaneous	282,402	165,802	17,280	-
	10,876,141	10,094,842	3,738,082	2,351,592

* 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Finance cost/interest expense on:				
- ABBA Notes	36,446,346	97,328,247	-	-
- Sukuk Murabahah	71,123,478	-	-	-
- hire purchase	162,148	123,401	89,742	82,952
- bank credit facilities, bank loans and bank overdraft	4,217,485	1,616,756	451,342	252,035
- trade payables	2,949,114	625,629	-	-
- RCSLS coupon (Note 28(f))	5,281,290	4,092,213	5,281,290	4,092,213
Unwinding of discount on other liabilities at amortised costs*	1,146,388	1,501,774	-	-
Less:				
- Interest capitalised in property development cost Note (17(b))	(4,893,420)	(625,629)	-	-
- Interest capitalised in property, plant and equipment (Note 15)	(306,378)	(12,221)	(306,378)	(12,221)
Total finance costs	116,126,451	104,650,170	5,515,996	4,414,979

* 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Employee benefits expense (Note 9)	18,560,106	16,318,768	8,727,817	8,794,693
Non-executive directors' remuneration (Note 10)	486,800	503,736	444,300	461,236
Auditors' remuneration:				
-current year	200,159	166,752	55,000	50,000
-under provision in prior year	6,505	28,505	-	6,600
-other services	82,700	14,000	6,000	5,000
Allowance for impairment on other receivables (Note 19)	563,980	-	-	-
Depreciation of property, plant and equipment (Note 15)	1,852,949	1,173,830	974,786	732,894
Amortisation of intangible assets (Note 16)	360,109	352,567	287,068	280,363
Impairment of goodwill on consolidation (Note 16)	9,922,233	7,259,879	-	-
Operating lease - minimum lease payments on:				
- premises	104,442	70,999	228,000	228,000
- equipment	158,059	214,623	57,715	60,357
Bad debts written off	2,764,061	-	-	-
Loss on disposal of investment security	-	336,306	-	-
Loss on disposal of property, plant and equipment	-	9,075	-	-
Write off of intangible assets	6,680	-	-	-
Write off of property, plant and equipment	-	18,095	-	-

9. Employee benefits expense

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Wages and salaries	14,716,908	13,536,694	7,087,256	7,373,578
Social security contributions	73,703	64,222	30,276	30,401
Contributions to defined contribution plan	1,615,161	1,366,873	797,285	709,984
Provision of short term accumulating compensated absences (Note 26(g))	217,326	-	68,938	-
Other benefits	1,937,008	1,350,979	744,062	680,730
	18,560,106	16,318,768	8,727,817	8,794,693

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,607,295 (2011: RM2,723,928) and RM2,559,295 (2011: RM2,084,369) 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	2,304,642	2,520,138	2,256,642	1,880,579
Fees	93,600	70,032	93,600	70,032
Defined contribution plan	209,053	133,758	209,053	133,758
Total executive directors' remuneration (excluding benefits-in-kind)(Note 9)	2,607,295	2,723,928	2,559,295	2,084,369
Estimated money value of benefits-in-kind	239,040	108,938	239,040	108,938
Total executive directors' remuneration (including benefits-in-kind)	2,846,335	2,832,866	2,798,335	2,193,307

10. Directors' remuneration (contd.)

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows: (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-executive:				
Fees	459,300	467,236	417,300	427,236
Allowances and other emoluments	27,500	36,500	27,000	34,000
Total non-executive directors' remuneration (Note 8)	486,800	503,736	444,300	461,236
Total directors' remuneration	3,333,135	3,336,602	3,242,635	2,654,543

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

	Number of directors	
	2012	2011
Executive directors:		
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	1
RM 900,001 - RM950,000	1	-
RM 1,650,001 - RM1,700,000	1	-
RM 1,700,001 - RM1,750,000	-	1
Non-executive directors:		
< RM50,000	1	2
RM50,001 - RM100,000	1	2
RM100,001 - RM150,000	3	-
RM150,001 - RM200,000	-	2

11. Non-current asset held for sale

Disposal of commercial office space by a subsidiary, Encorp Construct Sdn. Bhd. ("ECSB")

On 4 November 2010, ECSB has entered into a Sale and Purchase agreement to dispose of its leasehold property located at Level 18, Wisma SunwayMas, No.1 Jalan Tengku Ampuan Zabedah, C9/C, Section 9, 40100 Shah Alam, Selangor for a total consideration of RM3,908,050 to Daksina Harta Sdn. Bhd.. The carrying amount of the commercial office space as at 31 December 2010 was RM2,949,052. The Sale and Purchase agreement was completed on 28 January 2011. The disposal resulted in a gain of RM958,998 for the financial year ended 31 December 2011 as disclosed in Note 6.

12. 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 2012 and 2011 are:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	20,427,220	6,613,250	30,000	-
Over provision in respect of previous years	(325,600)	(29,147,605)	-	(30,000)
	20,101,620	(22,534,355)	30,000	(30,000)
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	(2,700,854)	1,582,893	(333,538)	(234,345)
Under provision in respect of previous years	136,212	3,087,296	-	-
	(2,564,642)	4,670,189	(333,538)	(234,345)
Income tax expense/(benefit) recognised in profit or loss	17,536,978	(17,864,166)	(303,538)	(264,345)

In the previous financial year, IRB finalised their discussion with the management of the subsidiaries concerning certain tax matters. Based on the outcome of the discussion, the Group has reversed the over provision of income tax expense amounting to RM23,081,538.

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

Reconciliation between tax expense/(benefit) and accounting profit

The reconciliation of income tax expense/(benefit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit/(loss) before tax	42,186,727	12,099,091	69,645,534	(7,134,871)
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	10,546,682	3,024,773	17,411,384	(1,783,718)
Different tax rates in other countries	(19,633)	(123,063)	-	-
Adjustments:				
Non-deductible expenses	7,324,715	6,566,240	2,352,844	1,320,671
Income not subject to taxation	(1,267,557)	(1,865,674)	(20,008,741)	-
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	(609,791)	(56,474)	(177,804)	(54,247)
Deferred tax assets not recognised on unabsorbed capital allowances	1,662,853	650,341	118,779	282,949
Deferred tax assets not recognised on unutilised tax losses	89,097	-	-	-
(Over)/under provision of tax expense in prior years				
- current taxation	(325,600)	(29,147,605)	-	(30,000)
- deferred tax	136,212	3,087,296	-	-
Income tax expense/(benefit) recognised in profit or loss	17,536,978	(17,864,166)	(303,538)	(264,345)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Unutilised tax losses	8,009,454	4,146,118	1,686,614	2,397,829
Unabsorbed capital allowances	2,391,278	2,042,367	2,307,537	1,832,423
Other deductible temporary difference - provisions	2,987,767	2,631,379	-	-

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.

13. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent (after adjusting for interest expense on redeemable convertible secured loan stocks) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2012	2011
	RM	RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	7,078,353	24,568,668
Interest expense on RCSLS coupon (Note 7)	-	4,092,213
Profit net of tax attributable to owners of the parent used in the computation of diluted earnings per share	7,078,353	28,660,881

13. Earnings per share (contd.)

	Group	
	2012	2011
	RM	RM
Weighted average number of ordinary shares for basic earnings per share computation*	218,122,536	218,122,536
Effects on dilution - RCSLS	-	65,706,060
Weighted average number of ordinary shares for diluted earnings per share computation*	218,122,536	283,828,596

	2012	2011
	Sen	Sen
Basic earnings per share	3.25	11.26
Diluted earnings per share	-	10.10

* 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 are anti-dilutive. Accordingly, the diluted earnings per share for the current financial year is not presented in the Group's financial statements.

14. Dividends

	Group and Company	
	2012	2011
	RM	RM
Recognised during the financial year:		
Dividend on ordinary shares:		
interim tax exempt (single-tier) dividend for 2012: 2 sen (2011:NIL) per share	4,362,451	-

At the forthcoming Annual General Meeting, a single-tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2012 on 223,508,536 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

15. Property, plant and equipment

Group	Motor vehicles RM	Office equipment, furniture and fittings RM	Office renovation RM	Plant and machinery RM	Crockery, cutlery and glasswares RM	Property under construction RM	Total RM
Cost:							
At 1 January 2011	2,089,776	2,614,826	5,750,035	-	-	1,547,265	12,001,902
Additions	1,455,677	570,370	992,380	1,091,045	461,628	2,471,572	7,042,672
Written off	-	-	(2,424,249)	-	-	-	(2,424,249)
Disposals	(457,860)	(82,096)	-	-	-	-	(539,956)
At 31 December 2011 and 1 January 2012	3,087,593	3,103,100	4,318,166	1,091,045	461,628	4,018,837	16,080,369
Additions	1,310,072	306,930	414,306	2,391,851	27,363	6,804,143	11,254,665
Disposals	(300,000)	(98,811)	(124,284)	-	-	-	(523,095)
Reclassification	-	311,995	(63,396)	-	(248,599)	-	-
At 31 December 2012	4,097,665	3,623,214	4,544,792	3,482,896	240,392	10,822,980	26,811,939

15. Property, plant and equipment (contd.)

	Motor vehicles RM	Office equipment, furniture and fittings RM	Office renovation RM	Plant and machinery RM	Crockery, cutlery and glasswares RM	Property under construction RM	Total RM
Accumulated depreciation:							
At 1 January 2011	940,962	1,780,884	2,775,325	-	-	-	5,497,171
Charge for the year (Note 8)	434,171	239,305	379,039	108,463	12,852	-	1,173,830
Written off	-	-	(2,406,154)	-	-	-	(2,406,154)
Disposals	(335,772)	(71,220)	-	-	-	-	(406,992)
Exchange differences	-	284	-	-	-	-	284
At 31 December 2011 and 1 January 2012	1,039,361	1,949,253	748,210	108,463	12,852	-	3,858,139
Charge for the year (Note 8)	719,436	357,750	464,343	287,996	23,424	-	1,852,949
Disposals	(300,000)	(98,698)	(38,926)	-	-	-	(437,624)
Reclassification	-	9,207	(1,838)	-	(7,369)	-	-
Exchange differences	-	(291)	-	-	-	-	(291)
At 31 December 2012	1,458,797	2,217,221	1,171,789	396,459	28,907	-	5,273,173
Net carrying amount							
At 31 December 2011	2,048,232	1,153,847	3,569,956	982,582	448,776	4,018,837	12,222,230
At 31 December 2012	2,638,868	1,405,993	3,373,003	3,086,437	211,485	10,822,980	21,538,766

15. Property, plant and equipment (contd.)

Company	Office renovation RM	Motor vehicles RM	Office equipment RM	Property under construction RM	Total RM
Cost:					
At 1 January 2011	2,063,265	1,741,942	932,826	2,309,351	7,047,384
Additions	362,547	1,296,281	285,376	3,476,246	5,420,450
Disposals	-	(457,860)	(1,799)	-	(459,659)
At 31 December 2011 and 1 January 2012	2,425,812	2,580,363	1,216,403	5,785,597	12,008,175
Additions	349,724	300,000	169,004	11,853,130	12,671,858
Disposals	-	(300,000)	(15,146)	-	(315,146)
At 31 December 2012	2,775,536	2,580,363	1,370,261	17,638,727	24,364,887
Accumulated depreciation:					
At 1 January 2011	237,818	827,920	390,754	-	1,456,492
Charge for the year (Note 8)	233,358	348,759	150,777	-	732,894
Disposals	-	(335,712)	(60)	-	(335,772)
At 31 December 2011 and 1 January 2012	471,176	840,967	541,471	-	1,853,614
Charge for the year (Note 8)	275,144	533,391	166,251	-	974,786
Disposals	-	(300,000)	(15,146)	-	(315,146)
At 31 December 2012	746,320	1,074,358	692,576	-	2,513,254
Net carrying amount					
At 31 December 2011	1,954,636	1,739,396	674,932	5,785,597	10,154,561
At 31 December 2012	2,029,216	1,506,005	677,685	17,638,727	21,851,633

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 RM306,378 (2011: RM12,221) (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 RM3,500,860 (2011: RM2,131,177) and RM 300,000 (2011: RM1,296,281) respectively by means of finance leases. The cash outflow on acquisition of motor vehicles and plant and machinery of the Group and of the Company amounted to RM99,627 (2011: RM350,777) and RM Nil (2011: RM196,281) 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 RM5,130,839 (2011: RM2,377,997) and RM1,421,808 (2011: RM1,512,385) respectively.

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

16. Intangible assets

	Goodwill on consolidation RM	Computer software RM	Total RM
Group			
Cost:			
At 1 January 2011	197,003,142	1,716,123	198,719,265
Additions	-	92,046	92,046
At 31 December 2011 and 1 January 2012	197,003,142	1,808,169	198,811,311
Additions	-	37,526	37,526
Written off	-	(6,680)	(6,680)
At 31 December 2012	197,003,142	1,839,015	198,842,157

16. Intangible assets (contd.)

	Goodwill on consolidation RM	Computer software RM	Total RM
Accumulated amortisation and impairment:			
At 1 January 2011	(80,039,155)	(100,601)	(80,139,756)
Impairment loss (Note 8)	(7,259,879)	-	(7,259,879)
Amortisation (Note 8)	-	(352,567)	(352,567)
At 31 December 2011 and 1 January 2012	(87,299,034)	(453,168)	(87,752,202)
Impairment loss (Note 8)	(9,922,233)	-	(9,922,233)
Amortisation (Note 8)	-	(360,109)	(360,109)
At 31 December 2012	(97,221,267)	(813,277)	(98,034,544)
Net carrying amount:			
At 31 December 2011	109,704,108	1,355,001	111,059,109
At 31 December 2012	99,781,875	1,025,738	100,807,613

	Computer software RM
Company	
Cost:	
At 1 January 2011	1,395,898
Additions	10,190
At 31 December 2011 and 1 January 2012	1,406,088
Additions	26,410
At 31 December 2012	1,432,498
Accumulated amortisation:	
At 1 January 2011	(79,253)
Amortisation (Note 8)	(280,363)
At 31 December 2011 and 1 January 2012	(359,616)
Amortisation (Note 8)	(287,068)
At 31 December 2012	(646,684)

16. Intangible assets (contd.)

	Computer software RM
Net carrying amount:	
At 31 December 2011	1,046,472
At 31 December 2012	785,814

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 each CGU are as follows:

	2012 RM	2011 RM
Property development	24,503,755	29,421,013
Concessionaire	75,278,120	80,283,095
	99,781,875	109,704,108

Key basis used in determining the recoverable amount:

(a) Property development

The recoverable amount of the CGU is determined based on the total budgeted gross development value ("GDV") of the Encorp Strand and Encorp Cahaya Alam projects.

The basis used to determine the value assigned to the total budgeted GDV for each phase is based on the type and mix of development, historical and projected market demand, adjusted for expected efficiency improvements and anticipated cost increase.

The impairment of goodwill is determined based on the realisation of GDV through the recognition of revenue for the properties sold.

(b) Concessionaire

The recoverable amount of the CGU is determined based on the billings of the concession income receivable over the concession period. The impairment of goodwill is determined based on the concession income billed during the year over the gross concession income receivables. The details of the concession income receivables are disclosed in Note 19(b).

16. Intangible assets (contd.)

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.

Asset held under finance leases

The carrying amount of computer software of the Group and of the Company held under finance lease at the reporting date was RM Nil (2011: RM1,134,795) and RM Nil (2011: RM892,505) respectively.

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

17. Land held for property development and property development costs

(a) Land held for property development

	Freehold land RM	Leasehold land RM	Total RM
Group			
At 31 December 2012			
Cost			
At 1 January 2012	-	32,062,256	32,062,256
Additions	20,783,859	-	20,783,859
At 31 December 2012	20,783,859	32,062,256	52,846,115
Carrying amount			
At 31 December 2012	20,783,859	32,062,256	52,846,115
At 31 December 2011			
Cost			
At 1 January 2011 / 31 December 2011	-	32,062,256	32,062,256
Carrying amount			
At 31 December 2011	-	32,062,256	32,062,256

17. Land held for property development and property development costs

(b) Property development costs

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
At 31 December 2012				
Cumulative property development costs				
At 1 January 2012	33,008,149	65,128,239	426,648,616	524,785,004
Costs incurred during the year	25,931,227	-	190,846,708	216,777,935
Unsold units transferred to inventories	-	-	(222,283)	(222,283)
At 31 December 2012	58,939,376	65,128,239	617,273,041	741,340,656
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2012	-	(30,514,862)	(271,178,034)	(301,692,896)
Recognised during the year (Note 5)	-	(9,989,728)	(128,699,125)	(138,688,853)
At 31 December 2012	-	(40,504,590)	(399,877,159)	(440,381,749)
Property development costs at 31 December 2012	58,939,376	24,623,649	217,395,882	300,958,907

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

(b) Property development costs (contd.)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
At 31 December 2011				
Cumulative property development costs				
At 1 January 2011	32,582,444	62,408,207	330,284,617	425,275,268
Costs incurred during the year	425,705	2,720,032	105,894,308	109,040,045
Unsold units transferred to inventories	-	-	(9,530,309)	(9,530,309)
At 31 December 2011	33,008,149	65,128,239	426,648,616	524,785,004
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2011	-	(24,890,554)	(225,831,942)	(250,722,496)
Recognised during the year (Note 5)	-	(5,624,308)	(45,346,092)	(50,970,400)
At 31 December 2011	-	(30,514,862)	(271,178,034)	(301,692,896)
Property development costs at 31 December 2011	33,008,149	34,613,377	155,470,582	223,092,108

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

	Group 2012 RM	2011 RM
Interest expense (Note 7)	4,893,420	625,629

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.

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

The freehold land under development with carrying value of RM58,939,376 (2011: RM33,008,149) has been pledged as security for bank loan obtained (Note 28(e)).

The leasehold land under development with carrying value of RM12,295,868 (2011: RM12,295,868), has been pledged as security for bank loan obtained (Note 28(e)).

Included in development expenditure incurred during the financial year are director's remuneration of RM Nil (2011:RM418,123).

18. Investment in subsidiaries

	Company	
	2012	2011
	RM	RM
Unquoted shares, at costs	295,960,310	295,960,308

Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2012	2011
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	-

18. Investment in subsidiaries (contd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	2011
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.	10,000	Malaysia	Property construction	100	100
Subsidiaries 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
Encorp Development Sdn. Bhd.	*	Malaysia	Property development	100	100
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100

18. Investment in subsidiaries (contd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2012	2011
Subsidiary of Must Ehsan Development Sdn. Bhd.					
Red Carpet Avenue Sdn. Bhd.^	*	Malaysia	Investment holding	100	100
Subsidiaries of Red Carpet Avenue Sdn. Bhd.					
Etika Tranquerah Sdn. Bhd.^	#	Malaysia	Food and beverage	60	60
Etika Tapis Sdn. Bhd.^	#	Malaysia	Food and beverage	50	50
Red Carpet Culinary Sdn. Bhd.^	250	Malaysia	Food and beverage	50	50
Subsidiary of Encorp Development Pty Ltd.					
Tea Tree Development Pty. Ltd.^	+	Australia	Dormant	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.)

Acquisition of subsidiaries

(i) On 3 May 2012, Encorp Development Pty Ltd, a wholly-owned subsidiary of the Company, incorporated a new wholly-owned subsidiary known as Tea Tree Development Pty Ltd ("TTDPL") in Australia with an issued and paid-up share capital of AUD100 comprising 100 ordinary shares of AUD1.00 each.

TTDPL is currently dormant and its intended principal activity is property development.

(ii) On 9 May 2012, the Company incorporated a new wholly-owned subsidiary, Encorp Facilities Management Sdn Bhd ("EFMSB") with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of EFMSB is facilities management services.

Significant event

On 20 February 2013, Must Ehsan Development Sdn Bhd, a 70% owned subsidiary of Encorp Must Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company has incorporated two new wholly-owned subsidiaries known as Encorp Strand Mall Sdn Bhd ("ESMSB") and Encorp Parking Sdn Bhd ("EPSB") with an issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each respectively.

The principal activities of ESMSB and EPSB are property investment.

19. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current				
Trade receivables (a)				
Third parties	57,543,381	32,573,591	6,625,665	9,674,923
Concession income receivables (b)	38,974,091	36,949,309	-	-
Retention sums on construction contracts	219,608	439,215	-	-
	96,737,080	69,962,115	6,625,665	9,674,923

19. Trade and other receivables (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables				
Subsidiaries (c)	-	-	130,446,062	102,005,147
Deposits (d)	8,113,572	10,687,032	12,420	32,130
Sundry receivables	2,721,231	953,210	23,352	144,477
	10,834,803	11,640,242	130,481,834	102,181,754
Less: Allowance for impairment (Note 8)	(563,980)	-	-	-
Other receivable,net	10,270,823	11,640,242	130,481,834	102,181,754
	107,007,903	81,602,357	137,107,499	111,856,677
Non-current				
Trade receivables (a)				
Concession income receivables (b)	1,031,418,646	1,063,116,523	-	-
Total trade and other receivables	1,138,426,549	1,144,718,880	137,107,499	111,856,677
Add: Cash and bank balances (Note 25)	60,435,625	30,927,217	3,488,862	5,924,605
Total loans and receivables	1,198,862,174	1,175,646,097	140,596,361	117,781,282

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 day (2011: 14 to 60 day) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Neither past due nor impaired	54,249,957	36,323,421	6,625,665	9,674,923
1 to 30 days past due not impaired	6,545,770	9,520,243	-	-
31 to 60 days past due not impaired	7,980,232	4,738,046	-	-
61 to 90 days past due not impaired	3,934,854	4,664,605	-	-
91 to 120 days past due not impaired	7,783,438	1,331,030	-	-
121 to 365 days past due not impaired	15,066,143	5,415,374	-	-
More than 365 days past due not impaired	1,176,686	7,969,396	-	-
	42,487,123	33,638,694	-	-
Impaired	-	-	-	-
	96,737,080	69,962,115	6,625,665	9,674,923

Receivables that are neither past due nor impaired

Trade and other 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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM42,487,123 (2011: RM33,638,694) 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.

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired (contd.)

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 95% (2011: 97%) relating to the concession income receivable. The entire concession income receivables are due from the Government of Malaysia (Note 36(a)).

(b) Concession income receivables

	Group	
	2012 RM	2011 RM
Concession income receivables accrued:		
- Within 1 year	143,840,039	144,837,657
- More than 1 year and less than 2 years	136,779,450	136,757,899
- More than 2 years and less than 5 years	410,338,350	410,273,697
- More than 5 years	1,379,194,443	1,515,844,472
	2,070,152,282	2,207,713,725
Unearned interest income	(999,759,545)	(1,107,647,893)
	1,070,392,737	1,100,065,832
Concession income receivables analysed as:		
Due within one year	38,974,091	36,949,309
Due after one year	1,031,418,646	1,063,116,523
	1,070,392,737	1,100,065,832

The Group's normal trade credit term on concession income receivables is 21 (2011: 21) days.

The entire concession income receivables are pledged to the holders of the ABBA Notes and Sukuk Murabahah as disclosed in Note 28(a) and (b).

(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.

19. Trade and other receivables (contd.)

(d) Deposits

(i) Included in deposits is an amount paid to Indi Makmur Sdn. Bhd. (“Indi Makmur”) and Lunarhati Sdn. Bhd. (“Lunarhati”) amounting to RM5 million (2011: RM5 million).

On 2 April 2007, the Board granted approval to a subsidiary, Encorp Must Sdn. Bhd. (“EMSB”) to enter into a Joint Venture Agreement (“JVA”) with Indi Makmur and Lunarhati to establish an unincorporated Joint Venture for the purpose of developing two parcels of land 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.

The deposit represents an advance consideration paid according to the terms of the JVA between Indi Makmur, Lunarhati and EMSB.

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.

Significant event

On 3 April 2013, EMSB, Indi Makmur and Lunarhati had collectively agreed to terminate the JVA for non-fulfilment of condition precedent of the JVA. Upon termination, Indi Makmur and Lunarhati shall refund to EMSB the deposit of RM5 million persuant to the terms of the JVA.

Two directors of the Company are persons connected to a director of Indi Makmur and Lunarhati.

(ii) Included in deposits in the previous financial year is an amount paid to UEM Land Berhad amounting to RM2,589,032 for the acquisition of a piece of freehold land at Mukim of Pulai, Johor Bahru.

20. Deferred tax

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

Group	As at 1 January 2011 RM	Recognised directly in equity (Note 28(f)) RM	Recognised in profit or loss (Note 12) RM	As at 31 December 2011 RM	Recognised in profit or loss (Note 12) RM	As at 31 December 2012 RM
Deferred tax liabilities:						
Property, plant and equipment	452,052	-	199,942	651,994	91,625	743,619
Progress billings	279,529,925	-	(6,533,406)	272,996,519	(7,253,274)	265,743,245
Trade payables	-	-	-	-	27,339	27,339
RCSLS	-	1,851,801	(234,345)	1,617,456	(333,538)	1,283,918
	279,981,977	1,851,801	(6,567,809)	275,265,969	(7,467,848)	267,798,121
Deferred tax assets:						
Tax losses and unabsorbed capital allowances	(279,462,548)	-	13,037,263	(266,425,285)	12,918,297	(253,506,988)
Loan and borrowings	-	-	-	-	(6,309,545)	(6,309,545)
Trade receivables	-	-	-	-	(63,712)	(63,712)
Provisions	(242,727)	-	(1,799,265)	(2,041,992)	(1,641,834)	(3,683,826)
	(279,705,275)	-	11,237,998	(268,467,277)	4,903,206	(263,564,071)
	276,702	1,851,801	4,670,189	6,798,692	(2,564,642)	4,234,050
Company						
Deferred tax liabilities:						
Property, plant and equipment	306,286	-	186,759	493,045	-	493,045
RCSLS	-	1,851,801	(234,345)	1,617,456	(333,538)	1,283,918
	306,286	1,851,801	(47,586)	2,110,501	(333,538)	1,776,963
Deferred tax assets:						
Tax losses and unabsorbed capital allowances	(760,305)	-	540,031	(220,274)	-	(220,274)
Provisions	454,019	-	(726,790)	(272,771)	-	(272,771)
	(306,286)	-	(186,759)	(493,045)	-	(493,045)
	-	1,851,801	(234,345)	1,617,456	(333,538)	1,283,918

20. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Deferred tax assets	(3,239,611)	(1,653,029)	-	-
Deferred tax liabilities	7,473,661	8,451,721	1,283,918	1,617,456
	4,234,050	6,798,692	1,283,918	1,617,456

21. Inventories

	Group	
	2012	2011
	RM	RM
Cost		
Properties held for sale (a)	44,903,332	44,542,338
Food and beverages	69,489	72,896
	44,972,821	44,615,234

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

22. Other current assets

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Prepayments (a)	383,908	41,561,416	183,284	151,317
Accrued billings in respect of property development costs	31,226,265	6,682,496	-	-
Gross amount due from customers for contract work (Note 23)	4,226,923	728,579	-	-
	35,837,096	48,972,491	183,284	151,317

(a) Included in the prepayment is prepaid ABBA Notes amounting to RM Nil (2011: RM41,300,000) which was due on 3 January 2012.

23. Gross amount due from/(to) customers on contract work-in-progress

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Construction costs incurred to date	545,608,441	297,978,544	132,855,070	87,682,372
Attributable profits	26,211,149	18,057,377	2,699,448	1,758,261
	571,819,590	316,035,921	135,554,518	89,440,633
Less: Progress billings	(572,603,310)	(315,423,967)	(135,556,968)	(89,475,279)
Amount due to customers on contract	(783,720)	611,954	(2,450)	(34,646)
Presented as:				
Gross amount due from customers on contract (Note 22)	4,226,923	728,579	-	-
Gross amount due to customers on contract (Note 27)	(5,010,643)	(116,625)	(2,450)	(34,646)
	(783,720)	611,954	(2,450)	(34,646)

Included in construction contract costs incurred during the financial year are employee benefits of RM10,957,991 (2011: RM7,510,267).

24. Investment security

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Fair value through profit and loss				
Money market investment security	242,995,592	118,073,739	36,538,752	-

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 RM206,456,838 (2011: RM118,073,739) is held in trust for the holders of the ABBA Notes and Sukuk Murabahah as disclosed in Note 28(a) and (b).

25. Cash and bank balances

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash on hand and at banks (a)	43,538,807	24,893,245	1,100,233	3,582,351
Deposits with:				
- licensed banks (b)	16,817,155	5,439,879	2,388,629	2,342,254
- a licensed corporation (c)	79,663	594,093	-	-
Cash and bank balances	60,435,625	30,927,217	3,488,862	5,924,605

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

(i) An amount of RM12,501,372 (2011: RM12,661,026) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.

(ii) Included in cash on hand and at banks is an amount of RM29,227 (2011: RM41,430) held by a licensed corporation in trust for the holders of the ABBA Notes and Sukuk Murabahah as disclosed in Note 28(a) and (b).

25. Cash and bank balances (contd.)

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

(i) Deposits of RM1,618,926 (2011: RM1,579,060) pledged to a bank for credit facilities granted to a subsidiary company;

(ii) Deposits of RM2,388,630 and RM71,916 (2011: RM2,342,254 and RM nil) on lien for bank guarantees granted to the Company and a subsidiary company, respectively in favour of the customers for the projects awarded;

(iii) Deposits of RM9,292 (2011: RM1,208,251) pledged to a bank for credit facilities granted to a subsidiary company (Note 28(e));

(iv) Deposits of RM267,267 (2011: RM259,482) pledged to a bank as security for credit facilities granted to a subsidiary company (Note 28(c)).

(c) The deposit of RM79,663 (2011: RM594,093) is held by a licensed corporation in trust for the holders of the ABBA Notes and Sukuk Murabahah as disclosed in Note 28(a) and (b).

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	60,435,625	30,927,217	3,488,862	5,924,605
Less: Pledged/designated	(4,188,362)	(18,685,596)	(2,388,630)	(2,342,254)
Bank overdraft (Note 28)	-	(350,655)	-	-
Cash and cash equivalents	56,247,263	11,890,966	1,100,232	3,582,351

26. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current				
Trade payables				
Third parties (a)	40,934,305	35,067,207	-	-
Amount due to a corporate shareholder of a subsidiary (b)	22,107,937	29,555,512	-	-
Subsidiaries (c)	-	-	6,497,229	9,480,759
Retention sums on construction contracts	2,760,197	4,165,438	-	-
	65,802,439	68,788,157	6,497,229	9,480,759
Other payables				
Subsidiaries (c)	-	-	13,900,579	18,965,360
Amounts due to:				
- related parties (d)	8,279	2,268	-	-
- a corporate shareholder of the company (e)	4,853,355	5,047,823	4,850,974	5,039,396
Sundry payables	19,740,732	11,734,541	78,662	312,694
Provision for defect liability (f)	-	537,400	-	-
Accruals for construction costs	7,605,496	2,846,221	-	-
Provision for short-term accumulating compensated absences (g)	298,178	80,852	126,227	57,289
Other accruals	12,419,117	9,494,541	1,839,162	1,956,970
Advance payment from a customers (h)	972,480	13,614,720	-	-
	45,897,637	43,358,366	20,795,604	26,331,709
	111,700,076	112,146,523	27,292,833	35,812,468

26. Trade and other payables (contd.)

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-current				
Trade payables				
Retention sums on construction contracts	10,384,678	3,365,499	-	-
Advance payment from customers (h)	4,455,421	1,518,558	-	-
Amount due to a corporate shareholder of a subsidiary (b)	29,755,430	25,423,848	-	-
	44,595,529	30,307,905	-	-
Total trade and other payables	156,295,605	142,454,428	27,292,833	35,812,468
Add: Loans and borrowings (Note 28)	1,421,412,284	1,228,718,615	77,468,265	63,347,303
Total financial liabilities carried at amortised cost	1,577,707,889	1,371,173,043	104,761,098	99,159,771

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 60 days (2011: 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 acres plot of land at U12 Shah Alam, Selangor Darul Ehsan; and

(ii) approximately 45 acres 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.

26. Trade and other payables (contd.)

(d) Related parties refers to directors, Dato Sri Mohd Effendi bin Norwawi and Efeida binti Mohd Effendi by virtue of them being a director, a shareholder and/or their relationship with the controlling shareholder of the companies. The amount is non-interest bearing and is repayable on demand. The amount is unsecured and are to be settled in cash.

(e) Amount due to the corporate shareholder the Company, Lavista Sdn. Bhd., is non-interest bearing and are repayable on demand. The amount is unsecured and are to be settled in cash.

(f) Provision for defect liability is in respect of a construction project undertaken by a subsidiary.

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

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
At beginning of year	80,852	80,852	57,289	57,289
Recognised in statements of comprehensive income (Note 9)	217,326	-	68,938	-
At the end of year	298,178	80,852	126,227	57,289

(h) Advances received from customers for the sale of properties.

27. Other current liabilities

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Progress billings in respect of property development costs	6,311,990	6,427,770	-	-
Gross amount due to customers for contract work (Note 23)	5,010,643	116,625	2,450	34,646
	11,322,633	6,544,395	2,450	34,646

28. Loans and borrowings

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current				
Secured:				
ABBA Notes (a)	-	63,580,969	-	-
Sukuk Murabahah (b)	127,136,851	-	-	-
Bank overdrafts (c)	-	350,655	-	-
Trust receipt (d)	663,090	-	-	-
Term loans (e)	18,518,195	15,623,818	2,292,680	-
Revolving credit (e)	15,150,000	9,350,000	-	-
RCSLS (f)	918,581	917,877	918,582	917,877
Obligations under finance leases (g)	1,243,226	1,151,278	329,997	733,588
Advances from a contractor (h)	4,600,000	6,600,000	-	-
	168,229,943	97,574,597	3,541,259	1,651,465
Non-current				
Secured:				
ABBA Notes (a)	-	1,035,553,657	-	-
Sukuk Murabahah (b)	1,078,945,282	-	-	-
Term loans (e)	111,313,716	35,649,657	13,132,646	2,078,573
RCSLS (f)	59,854,648	58,516,416	59,854,648	58,516,416
Obligations under finance leases (g)	3,068,695	1,424,288	939,712	1,100,849
	1,253,182,341	1,131,144,018	73,927,006	61,695,838
Total				
ABBA Notes (a)	-	1,099,134,626	-	-
Sukuk Murabahah (b)	1,206,082,133	-	-	-
Bank overdrafts (c)	-	350,655	-	-
Trust receipt (d)	663,090	-	-	-
Term loans (e)	129,831,911	51,273,475	15,425,326	2,078,573
Revolving credit (e)	15,150,000	9,350,000	-	-
RCSLS (f)	60,773,229	59,434,293	60,773,230	59,434,293
Obligations under finance leases (g)	4,311,921	2,575,566	1,269,709	1,834,437
Advance from a contractor (h)	4,600,000	6,600,000	-	-
Total loans and borrowings	1,421,412,284	1,228,718,615	77,468,265	63,347,303

28. Loans and borrowings (contd.)

The remaining maturities of loans and borrowings as at 31 December 2012 are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
On demand or within one year	168,229,943	97,574,597	3,541,259	1,651,465
More than 1 year and less than 2 years	88,307,138	46,284,576	5,771,765	324,058
More than 2 years and less than 5 years	265,555,358	215,392,430	16,849,561	61,371,780
5 years or more	899,319,845	869,467,012	51,305,680	-
	1,421,412,284	1,228,718,615	77,468,265	63,347,303

(a) ABBA Notes

The ABBA Notes were issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia. The ABBA Notes have been fully redeemed for cancellation during the financial year with the proceeds from the issuance of Sukuk Murabahah by the Company.

(b) Sukuk Murabahah

On 18 May 2012, a wholly owned subsidiary, ESSB, issued islamic securities ("Sukuk") with a total nominal value of RM1,575 million to finance the redemption of all the amount outstanding under ABBA Notes and to fund the Trustee's Reimbursement Account. The balance of the proceeds has been utilised for ESSB'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 the holding company.

The Sukuk is secured by the assignment of the contract concession payments and the Project Escrow Account of ESSB. ESSB is a special purpose vehicle and these Sukuk raised do not have any financial recourse to the Company.

The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The profit of the Sukuk is payable half yearly. The first tranche of the Sukuk's principal is in May 2013.

28. Loans and borrowings (contd.)

(c) Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at base lending rate + 1.5% per annum, secured by short-term deposit (Note 25(b)(iv)) and corporate guarantee provided by the Company.

(d) Trust receipt

Trust receipt at BLR + 1% per annum

Trust receipt is secured by a pledge of short-term deposits (Note 25(b)).

(e) Term loans and revolving credit

Term loans at cost of funds + 1.5% per annum and revolving credit of RM5million at effective cost of funds of 1.25% per annum

This loan is secured by a fixed charge over the Group's ten units of terrace shop offices (Note 21(a)) and corporate guarantee provided by the Company.

Term loans at base lending rate + 1% per annum

This loan is secured by a fixed charge over the Group's freehold land under development (Note 17(b)), fixed deposit (Note 25(b)(iii)) and corporate guarantee provided by the Company.

Term loan at bank bill swap reference rate of Australia + 1% per annum

This obligation is secured by charge over the Group's freehold land under development (Note 17(b)).

Term loan 1 at bank's 1 month effective cost of funds + 1.4% per annum, term loan 2 at bank's 1 month effective cost of funds + 1.35% per annum and revolving credit of RM12.5 million 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 21(a)) and leasehold land under development (Note 17(b)).

28. Loans and borrowings (contd.)

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

	Group and Company	
	Number of RCSLS RM1 each	Amount RM
Authorised		
At 31 December 2011, 1 January 2012 and 31 December 2012	67,052,560	67,052,560

The amount recognised in the statements of financial position as at 31 December 2012 may be analysed as follows:

	Group and Company	
	Number of RCSLS RM1 each	Amount RM
Nominal value - issued and fully paid		
At 31 December 2011, 1 January 2012 and 31 December 2012	65,706,060	65,706,060

The Company had on 22 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.

28. Loans and borrowings (contd.)

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

(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 shares 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 or 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 persuant to the conversion of the RCSLS.

The RCSLS is secured by a legal charge over fifteen units of terrace shop offices (Note 21(a)).

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

	Group and Company 2011 RM
Face value of RCSLS	65,706,060
Equity component	
- Equity component, net of deferred tax	(873,849)
- Deferred tax liability (Note 20)	(1,851,801)
- Warrants reserve	(4,681,557)
	(7,407,207)
Liability component of RCSLS at initial recognition	58,298,853

28. Loans and borrowings (contd.)

	Group and Company	
	2012	2011
	RM	RM
Liability component of RCSLS at initial recognition	58,298,853	58,298,853
Interest expense recognised in profit or loss:		
At 1 January	4,092,213	-
Recognised during the year (Note 7)	5,281,290	4,092,213
At 31 December	9,373,503	4,092,213
Coupon paid:		
At 1 January	(2,956,773)	-
Paid during the year	(3,942,354)	(2,956,773)
At 31 December	(6,899,127)	(2,956,773)
Liability component at 31 December	60,773,229	59,434,293

(g) Obligations under finance leases

These obligation are secured by charge over the leased assets (Note 15 and Note 16).

(h) Advances from a contractor

The advances received from a contractor is in respect of a turnkey development project undertaken for the Group. The advances is subject to interest at the rate of 1.5% above BLR.

29. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Capital expenditure				
Approved and contracted for:				
Land held for property development	-	23,301,290	-	-
Property under construction	-	-	9,456,378	12,701,428

29. Commitments

(b) Finance lease commitments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	1,452,373	1,261,230	388,140	808,934
Later than 1 year and not later than 2 years	1,308,121	584,628	388,140	370,188
Later than 2 years and not later than 5 years	1,993,738	953,391	613,066	827,939
Total minimum lease payment	4,754,232	2,799,249	1,389,346	2,007,061
Less: Amounts representing finance charges	(442,311)	(223,683)	(119,637)	(172,624)
Present value of finance lease liabilities	4,311,921	2,575,566	1,269,709	1,834,437
Present value of minimum payments:				
Not later than 1 year	1,243,226	1,151,278	329,997	733,588
Later than 1 year and not later than 2 years	1,183,334	527,981	351,361	324,058
Later than 2 years and not later than 5 years	1,885,361	896,307	588,351	776,791
	4,311,921	2,575,566	1,269,709	1,834,437
Less: Amount due within 12 months (Note 28)	(1,243,226)	(1,151,278)	(329,997)	(733,588)
Amount due after 12 months (Note 28)	3,068,695	1,424,288	939,712	1,100,849

The hire purchase and leasing payables of the Group and Company bear interests at the balance sheet date at rates of between 2.5% to 4.0% (2011: 2.2% to 4.0%) and 2.5% to 2.9% (2011: 2.2% to 4.0%) per annum.

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	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2011	223,508,536	(5,386,000)	223,508,536	104,574,219	328,082,755	(4,559,005)
RCSLS issuance expense	-	-	-	(2,139,531)	(2,139,531)	-
At 31 December 2011 and 1 January 2012	223,508,536	(5,386,000)	223,508,536	102,434,688	325,943,224	(4,559,005)
At 31 December 2012	223,508,536	(5,386,000)	223,508,536	102,434,688	325,943,224	(4,559,005)

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

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised:				
At 1 January	500,000,000	300,000,000	500,000,000	300,000,000
Created during the year	-	200,000,000	-	200,000,000
At 31 December	500,000,000	500,000,000	500,000,000	500,000,000

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.

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.

31. Other reserves

	Warrant reserve (a) RM	Equity component of RCSLS (b) RM	Foreign currency translation reserve (c) RM	Total RM
Group				
At 1 January 2011	-	-	1,714,809	1,714,809
Other comprehensive income				
Foreign currency translation	-	-	26,604	26,604
Transactions with owners				
Equity component on issuance of RCSLS (Note 28(f))	-	873,849	-	873,849
Warrant component on issuance of RCSLS (Note 28(f))	4,681,557	-	-	4,681,557
At 31 December 2011 and At 1 January 2012	4,681,557	873,849	1,741,413	7,296,819
Other comprehensive income				
Foreign currency translation	-	-	504,721	504,721
At 31 December 2012	4,681,557	873,849	2,246,134	7,801,540
Company				
At 1 January 2011	-	-	-	-
Equity component on issuance of RCSLS (Note 28(f))	-	873,849	-	873,849
Warrant component on issuance of RCSLS (Note 28(f))	4,681,557	-	-	4,681,557
At 31 December 2011 and 1 January 2012	4,681,557	873,849	-	5,555,406
At 31 December 2012	4,681,557	873,849	-	5,555,406

(a) Warrant reserve

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

31. Other reserves (contd.)

(b) Equity component of RCSLS

This represents the residual amount of RCSLS after deducting the fair value of the liability component and warrant component. This amount is presented net of deferred tax liability arising from RCSLS.

(c) 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

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 of the Income Tax Act, 1967 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 December 2012, the Section 108 balance of the Company is nil (2011: nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2012 and 2011 under the single tier system.

33. Financial guarantees

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

- corporate guarantees of RM489,831 (2011: RM136,056) given to suppliers in favour of credit terms granted to a subsidiary.
- corporate guarantees given to banks of RM60,643,089 (2011: RM39,085,124) for credit facilities granted to subsidiaries.
- corporate guarantees given to a financial institution of RM2,380,168 (2011: nil) for credit facilities granted to a subsidiary.

33. Financial guarantees (contd.)

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 subsidiary companies where such banking facilities granted to subsidiary companies are collateralised by charges over the lands and inventories of the subsidiary companies 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:

	2012 RM	2011 RM
Group		
Sales of properties under development to a corporate shareholder of a subsidiary #	(21,325,068)	-
Sales of properties under development to a corporate shareholder of the Company *	-	(18,978,012)
Sales of properties under development to persons connected to a director of the Company (i)	-	(3,829,748)
Sales of properties under development to directors of subsidiaries (i)	(3,100,661)	-
Sales of properties under development to the directors of the Company (i)	(7,945,508)	(1,967,436)
Company		
Management fees charged to subsidiaries (ii):		
- Encorp Construct Sdn. Bhd.	(2,100,000)	(3,000,000)
- Encorp Must Sdn. Bhd.	(1,752,000)	(1,200,000)
- Encorp Trading Services Sdn. Bhd.	(300,000)	(600,000)
- Encorp Systembilt Sdn. Bhd.	(1,392,000)	(1,920,000)
- Must Ehsan Development Sdn. Bhd.	(600,000)	(600,000)
- Encorp Development Sdn. Bhd.	(672,000)	(540,000)
- Encorp Iskandar Development Sdn. Bhd.	(1,536,000)	(1,260,000)
- Encorp Facilities Management Sdn. Bhd.	(120,000)	-
Rental payable to Must Ehsan Development Sdn. Bhd. (iii)	228,000	228,000
Coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. (iv)	(2,477,713)	(1,961,523)
Dividend received from a subsidiary	(77,091,500)	-
Progress billing in respect of construction work performed by a subsidiary	45,172,700	48,357,164

34. Related party disclosures (contd.)

(a) Sale and purchase of goods and services (contd.)

(i) The sale of properties under development to a corporate shareholder of the company 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.

Corporate shareholders

Corporate shareholder of a subsidiary refers to Perbadanan Kemajuan Negeri Selangor (“PKNS”).

* Corporate shareholder of the Company refers to Lavista Sdn. Bhd.

Information regarding outstanding balances arising from related party transactions as at 31 December 2012 and 31 December 2011 are disclosed in Notes 19 and 26.

(b) Compensation of key management personnel

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

	Group		Company	
	2012	2011	2012	2011
Wages and salaries	4,763,919	7,429,706	3,503,173	4,112,555
Social security costs	2,996	9,352	1,859	3,721
Contributions to defined contribution plans	518,147	624,889	363,296	353,034
Other staff related expenses	213,346	473,095	188,129	323,642
	5,498,408	8,537,042	4,056,457	4,792,952

34. Related party disclosures (contd.)

(b) Compensation of key management personnel (contd.)

Included in the total remuneration of key management personnel is:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors' remuneration (Note 10)	2,607,295	2,723,928	2,559,295	2,084,369

35. Fair value of financial instruments

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

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

	Significant other observable inputs (Level 2) Group	
	2012	2011
	RM	RM
Financial assets:		
Fair value through profit or loss		
- Investment security (Note 24)	242,995,592	118,073,739

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial years ended 2012 and 2011.

35. Fair value of financial instruments (contd.)

A. Fair value of financial instruments that are carried at fair value (contd.)

Determination of fair value

Investment security (Note 24): These investments are valued using the net asset value of the investment fund.

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
Trade and other payables (non-current and current)	26
Loans and borrowings (non-current and current)	28

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.

The fair values of loans and borrowings 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.

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 were 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 Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and bank balances and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Exposure to credit risk

As at the reporting date, the Group has a concentration of credit risk as disclosed in Note 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.

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

(a) Credit risk (contd.)

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			
	2012		2011	
	RM	% of total	RM	% of total
By industry sectors				
Concessionaire sector	1,070,392,737	95%	1,100,065,832	97%
Construction sector	6,845,273	1%	14,263,318	1%
Property development sector	49,032,898	4%	16,279,439	1%
Others sector	1,884,818	0%	2,470,049	0%
	1,128,155,726	100%	1,133,078,638	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.

(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.

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

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
2012				
Financial liabilities:				
Trade and other payables	111,700,076	47,373,257	-	159,073,333
Loans and borrowings	264,955,649	754,227,552	1,433,150,940	2,452,334,141
Total undiscounted financial liabilities	376,655,725	801,600,809	1,433,150,940	2,611,407,474
2011				
Financial liabilities:				
Trade and other payables	112,146,523	32,641,304	-	144,787,827
Loans and borrowings	152,519,670	552,583,970	1,515,456,413	2,220,560,053
Total undiscounted financial liabilities	264,666,193	585,225,274	1,515,456,413	2,365,347,880
Company				
2012				
Financial liabilities:				
Trade and other payables	27,292,833	-	-	27,292,833
Loans and borrowings	4,325,648	89,202,909	-	93,528,557
Total undiscounted financial liabilities	31,618,481	89,202,909	-	120,821,390
2011				
Financial liabilities:				
Trade and other payables	35,812,468	-	-	35,812,468
Loans and borrowings	4,851,069	81,982,875	-	86,833,944
Total undiscounted financial liabilities	40,663,537	81,982,875	-	122,646,412

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and 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 RM150,245 (2011: RM67,573) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency exchange risk

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")) amount to RM5,767,262 (2011: RM3,006,001) 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 2012 RM
AUD/RM	- strengthened 1% (2011: 1%)	(5,000)
	- weakened 1% (2011: 1%)	5,000

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 2012 and 31 December 2011.

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

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Loans and borrowings	28	1,421,412,284	1,228,718,615	77,468,265	63,347,303
Trade and other payables	26	156,295,605	142,454,428	27,292,833	35,812,468
Less: RCSLS	28	(60,773,229)	(59,434,293)	(60,773,230)	(59,434,293)
Less: Cash and bank balances	25	(60,435,625)	(30,927,217)	(3,488,862)	(5,924,605)
Net debt		1,456,499,035	1,280,811,533	40,499,006	33,800,873
Equity attributable to the owners of the parent		350,775,517	347,554,894	389,928,688	324,342,067
Total capital		350,775,517	347,554,894	389,928,688	324,342,067
Capital and net debt		1,807,274,552	1,628,366,427	430,427,694	358,142,940
Gearing ratio		81%	79%	9%	9%

38. Segment information

For management purposes, the Group is organised into five main business units based on their products, and has five reportable operating segments as follows:

(i) Investment holding and the provision of management services;

(ii) Concessionaire;

(iii) Construction contracts;

(iv) Property development; and

(v) 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 holding and the provision of management services RM	Concessionaire RM	Construction contracts RM	Property development RM	Trading, food and beverage RM	Adjustment and eliminations RM	Notes	Per consolidated financial statements RM
2012								
Revenue								
External customers	-	107,888,348	55,856,960	228,541,502	4,228,367	-		396,515,177
Inter-segment	186,316,157	-	137,338,140	9,636,459	8,763,834	(342,054,590)	A	-
Total revenue	186,316,157	107,888,348	193,195,100	238,177,961	12,992,201	(342,054,590)		396,515,177
Results:								
Interest income	469,602	3,891,157	70,277	512,669	7,786	-		4,951,491
Interest expense	(6,031,715)	(107,569,824)	(311,515)	(2,205,383)	(8,014)	-		(116,126,451)
Depreciation and amortisation	(1,375,283)	-	(499,869)	(121,710)	(216,196)	-		(2,213,058)
Impairment of goodwill on consolidation	-	-	-	-		(9,922,233)		(9,922,233)
Other non-cash expenses	(156,276)	(2,127,889)	(61,050)	(636,172)	-	-	B	(2,981,387)
Segment (loss)/profit	(14,583,253)	(6,925,626)	2,395,613	63,119,290	(1,819,297)	-		42,186,727
Assets:								
Additions to non-current assets	12,869,546	-	3,271,721	31,688	227,780	(5,108,544)	C	11,292,191
Segment assets	593,952,008	1,290,860,964	60,617,971	558,814,499	10,963,219	(513,020,216)	D	2,002,188,445
Segment liabilities	130,584,708	1,209,569,881	60,490,088	392,446,907	12,045,107	(203,538,452)	E	1,601,598,239

38. Segment information (contd.)

	Investment holding and the provision of management services RM	Concessionaire RM	Construction contracts RM	Property development RM	Trading RM	Adjustment and eliminations RM	Notes	Per consolidated financial statements RM
2011								
Revenue								
External customers	-	110,624,273	87,494,284	89,050,327	2,758,380	-		289,927,264
Inter-segment	15,131,518	-	84,640,630	2,309,351	19,381,476	121,462,975	A	-
Total revenue	15,131,518	110,624,273	172,134,914	91,359,678	22,139,856	121,462,975		289,927,264
Results:								
Interest income	372,165	77,235	133,654	197,354	9,481	-		789,889
Interest expense	(5,078,346)	(97,328,247)	(23,988)	(716,054)	(1,761)	-		(103,148,396)
Depreciation and amortisation	(1,098,558)	-	(252,694)	(121,978)	(53,167)	-		(1,526,397)
Impairment of goodwill on consolidation	-	-	-	-	-	(7,259,879)		(7,259,879)
Other non-cash income	-	-	1,884,513	-	-	-	B	1,884,513
Segment profit/(loss)	(8,143,124)	14,611,895	1,790,804	18,544,185	(171,988)	(14,532,681)		12,099,091
Assets:								
Additions to non-current assets	5,671,893	-	1,322,961	1,276,625	11,913	(1,148,674)	C	7,134,718
Segment assets	500,478,027	1,278,368,391	36,852,610	360,843,865	10,618,121	(419,250,401)	D	1,767,910,613
Segment liabilities	116,429,626	1,102,657,144	39,361,913	253,943,736	10,876,838	(135,156,817)	E	1,388,112,440

38. Segment information (contd.)

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2012 RM	2011 RM
Bad debts written off	8	2,764,061	-
Provision of short term accumulating compensated absences	26(g)	217,326	-
Reversal of provision of tax penalty	6	-	(1,884,513)
		2,981,387	(1,884,513)

C Additions to non-current assets consist of:

	Note	2012 RM	2011 RM
Property, plant and equipment	15	11,254,665	7,042,672
Intangible assets	16	37,526	92,046
		11,292,191	7,134,718

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	2012 RM	2011 RM
Deferred tax assets	20	3,239,611	1,653,029
Tax recoverable		129,736	514,320
Inter-segment assets		(516,389,563)	(421,417,750)
		(513,020,216)	(419,250,401)

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	2012 RM	2011 RM
Loans and borrowings	28	1,421,412,284	1,228,718,615
Current tax payable		5,094,056	1,943,281
Deferred tax liabilities	20	7,473,661	8,451,721
Inter-segment liabilities		(1,637,518,453)	(1,374,270,434)
		(203,538,452)	(135,156,817)

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	
	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	381,476,781	289,927,264	1,189,009,425	1,220,042,802
Australia	15,038,396	-	20,841,326	70,345
	396,515,177	289,927,264	1,209,850,751	1,220,113,147

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

	Note	2012 RM	2011 RM
Property, plant and equipment	15	21,538,766	12,222,230
Intangible assets	16	100,807,613	111,059,109
		122,346,379	123,281,339

39. Supplemental information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 and 31 December 2011 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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:				
Realised	229,789,518	197,302,309	62,655,525	(2,831,903)
Unrealised	2,564,642	(4,670,189)	333,538	234,345
	232,354,160	192,632,120	62,989,063	(2,597,558)
Less: Consolidation adjustments	(210,764,402)	(173,758,264)	-	-
Total group retained profits/ (accumulated losses) as per consolidated accounts	21,589,758	18,873,856	62,989,063	(2,597,558)

LIST OF PROPERTIES

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.12 (RM'000)	YEAR OF ACQUISITION
Properties Under Development & Land Held for Development				
PT 1917 – PT 1968 HS(D) 220272 – 220323, PT 1969 – PT 1974 HS(D) 220326 – 220331, PT 2187 – PT 2268 HS(D) 220544 – 220625, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 28/03/2104)	12,189	3,866	2000
PT 2269 – PT 2280 HS (D) 220626 – 220637, PT 2283 – PT 2364 HS (D) 220640 – 220721, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 28/03/2104)	31,603	5,044	2000
PT 1369 – 1689 HS (D) 219722 – 220044, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 22/03/2104)	55,391	2,972	2000
PT 2365 – PT 2456 HS(D) 220718 – 220811, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	16,195	8,799	2000
PT 2527 – PT 2846 HS(D) 220886 – 221220, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 30/03/2104)	65,795	6,307	2000

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.12 (RM'000)	YEAR OF ACQUISITION
Properties Under Development & Land Held for Development				
PT 2847 HS(D) 221217, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	19,129	2,055	2000
PT 2848 HS(D) 221218, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	178	1,742	2000
PT 10562 HS(D) 251907, Mukim Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Commercial property under construction (99 years lease expiring on 14/11/2107)	25,082	11,328	2000
PT 10563 HS(D) 251908, Mukim Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Commercial property under construction (99 years lease expiring on 14/11/2107)	26,634	10,835	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	16,115	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				
67 Canning Highway, Victoria Park, Australia being Lots 35 to 41 on Plan 1741	Freehold land held for property development	3,399	16,893	2010
15 Tea Tree Close Cockburn Central, Perth, Australia	Freehold land held for property development	11,000	18,540	2012

SHAREHOLDINGS' INFORMATION

ANALYSIS OF SHAREHOLDINGS AS AT 18 APRIL 2013

Authorised Share Capital	: RM500,000,000.00
Issued and Paid-up Share Capital	: RM223,508,536.00*
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

* Including 5,386,000 shares bought and retained as treasury shares.

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Shareholdings
1 – 99	78	2.62	729	0.00
100 – 1,000	330	11.08	279,860	0.13
1,001 – 10,000	1,962	65.86	8,401,515	3.85
10,001 – 100,000	499	16.75	15,226,796	6.98
100,001 – less than 5% of issued shares	106	3.56	60,080,605	27.54
5% and above of issued shares	4	0.13	134,133,031	61.49
Total	**2,979**	**100.00**	**218,122,536**	**100.00**

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	30.55	-	-
Dato Sri Mohd Effendi bin Norwawi	-	-	66,636,036 ❶	30.55
Efeida binti Mohd Effendi	-	-	66,636,036 ❷	30.55
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ❸	18.34
Azman Hanafi bin Abdullah	-	-	40,000,000 ❸	18.34
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000 ❹	20.06
Taufiq bin Abdul Khalid	-	-	43,752,000 ❹	20.06

❶ Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

❷ Deemed substantial interest through the substantial shareholdings in Lavista Sdn. Bhd. held by her and person connected to her.

❸ Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

❹ Deemed interest by virtue of their substantial shareholdings in Pegang Impian Holdings Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS

Directors	Note	Shareholdings			
		Direct No. of Shares	%	Indirect No. of Shares	%
Dato Sri Mohd Effendi bin Norwawi	a	-	-	66,636,036	30.55
Yeoh Soo Ann		-	-	-	-
Efeida binti Mohd Effendi	b	-	-	66,636,036	30.55
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		2,278,000	1.04	-	-
Datuk Fong Joo Chung		-	-	-	-
Dato' Marcus Kam Kok Fei		47,000	0.02	-	-
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-

a. Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

b. By virtue of the substantial shareholdings in Lavista Sdn. Bhd. held by her and person connected to her.

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS
(as at 18 April 2013)

No.	Name	No. of Shares	%
1.	Lavista Sdn. Bhd.	57,381,031	26.31
2.	Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34
3.	UOBM Nominees (Tempatan) Sdn. Bhd. for Pegang Impian Holdings Sdn. Bhd.	22,900,000	10.50
4.	Pegang Impian Holdings Sdn. Bhd.	13,852,000	6.35
5.	UOBM Nominees (Tempatan) Sdn. Bhd. for Lavista Sdn. Bhd.	9,255,005	4.24
6.	Pegang Impian Holdings Sdn. Bhd.	7,000,000	3.21
7.	ECML Nominees (Tempatan) Sdn. Bhd. Jason Jonathan Lo (PCS)	3,466,500	1.59
8.	Merit Icon Sdn. Bhd.	2,959,500	1.36
9.	Siva Kumar A/L M Jeyapalan	2,791,700	1.28
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	2,434,600	1.12
11.	Ng Yoke Yen	2,291,600	1.05
12.	Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.04
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Kenanga B)	1,169,600	0.54
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	1,149,100	0.53
15.	Ong Say Kiat	1,120,000	0.51

No.	Name	No. of Shares	%
16.	Kiu Chiong Chin	1,065,300	0.49
17.	Koh Kin Lip	1,000,000	0.46
18.	Wong Poi Kien	934,900	0.43
19.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Kim Sun (M14)	866,200	0.40
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	800,000	0.37
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	777,000	0.36
22.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	775,200	0.36
23.	CIMSEC Nominees (Asing) Sdn. Bhd. CIMB Bank for Lim Geok Eng Mary (MY0955)	508,500	0.23
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dennis Ching Chung	500,000	0.23
25.	Lau Kueng Suong	474,800	0.22
26.	Ee Beng Yee	471,500	0.22
27.	Lim Peck Hoon	464,100	0.21
28.	AIBB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Geok Eng Mary	412,000	0.19
29.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chuah Swee Huat (E-KLC)	374,900	0.17
30.	Amanahraya Trustees Berhad Public Smallcap Fund	372,400	0.17
	Total	**179,845,436**	**82.45**

ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (RCSLS) HOLDINGS AS AT 18 APRIL 2013

Total Number of RCSLS Issued	: 65,706,060
Total Number of Outstanding RCSLS	: 65,706,060
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	14	2.53	629	0.00
100 – 1,000	127	22.97	81,151	0.12
1,001 – 10,000	293	52.98	1,047,125	1.59
10,001 – 100,000	92	16.64	3,015,100	4.59
100,001 – less than 5% of issued RCSLS	24	4.34	12,789,620	19.46
5% and above of issued RCSLS	3	0.54	48,772,435	74.23
Total	**553**	**100.00**	**65,706,060**	**100.00**

LIST OF DIRECTORS' RCSLS HOLDINGS

Directors	Note	RCSLS Holdings			
		Direct No. of RCSLS	%	Indirect No. of RCSLS	%
Dato Sri Mohd Effendi bin Norwawi	a	-	-	16,659,009	25.35
Yeoh Soo Ann		-	-	-	-
Efeida binti Mohd Effendi	b	-	-	16,659,009	25.35
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		569,500	0.87	-	-
Datuk Fong Joo Chung		-	-	-	-
Dato' Marcus Kam Kok Fei		5,000	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-

a. Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

b. By virtue of the substantial shareholdings in Lavista Sdn. Bhd. held by her and person connected to her.

LIST OF 30 LARGEST RCSLS HOLDERS
(as at 18 April 2013)

No.	Name of RCSLS Holders	No. of RCSLS	%
1.	UOBM Nominees (Tempatan) Sdn. Bhd. for Pegang Impian Holdings Sdn. Bhd.	20,938,000	31.87
2.	UOBM Nominees (Tempatan) Sdn. Bhd. for Lavista Sdn. Bhd.	16,659,009	25.35
3.	UOBM Nominees (Asing) Sdn. Bhd. TOIC Investments Ltd	11,175,426	17.01
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Siva Kumar A/L M Jeyapalan (PB)	2,388,200	3.63
5.	Ng Ho Fatt	1,759,100	2.68
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Ng Wai Yuan (MY0867)	1,247,545	1.90
7.	Teo Yong Fong	1,066,200	1.62
8.	ECML Nominees (Tempatan) Sdn. Bhd. Jason Jonathan Lo (PCS)	866,625	1.32
9.	Ng Yoke Yen	765,425	1.16
10.	Datuk (Dr) Philip Ting Ding Ing	569,500	0.87
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	524,100	0.80
12.	Young Swee Choon	419,900	0.64
13.	JF Apex Nominees (Tempatan) Sdn. Bhd. Huatai Financial Holdings (HK) Limited	416,200	0.63
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Thooi Meng Aun	297,200	0.45
15.	Ong Say Kiat	280,000	0.43

No.	Name of RCSLS Holders	No. of RCSLS	%
16.	Ch'ng Chee Seng	272,200	0.41
17.	Kiu Chiong Chin	255,825	0.39
18.	PM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mary Tan @ Tan Hui Ngoh (B)	221,000	0.34
19.	Eu Mui @ Ee Soo Mei	220,000	0.33
20.	Gina Gan	208,500	0.32
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	187,500	0.29
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	174,000	0.26
23.	Ho Oi Seong	144,700	0.22
24.	Chung May Min @ Chung May Lin	138,400	0.21
25.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Gin Ang	132,200	0.20
26.	Poh Wee How	128,000	0.19
27.	Ng Yok Lee	107,300	0.16
28.	Chang Teck Mack	100,000	0.15
29.	Diong King Ewu	93,000	0.14
30.	Wong Kui Toh	83,525	0.13
	Total	**61,838,580**	**94.11**

ANALYSIS OF WARRANTS HOLDINGS AS AT 18 APRIL 2013

Total Number of Warrants Issued : 32,853,030
Outstanding Warrants : 32,853,030
Exercise Price of Warrants : RM1.00

Size of Warrants Holdings	No. of Warrants Holders	%	No. of Warrants	% of Warrants Holdings
1 – 99	39	6.41	1,528	0.00
100 – 1,000	246	40.46	137,099	0.42
1,001 – 10,000	217	35.69	704,448	2.14
10,001 – 100,000	87	14.31	2,713,661	8.26
100,001 – less than 5% of issued Warrants	16	2.63	4,910,076	14.95
5% and above of issued Warrants	3	0.49	24,386,218	74.23
Total	**608**	**100.00**	**32,853,030**	**100.00**

LIST OF DIRECTORS' WARRANTS HOLDINGS

Directors	Note	Warrants Holdings			
		Direct No. of Warrants	%	Indirect No. of Warrants	%
Dato Sri Mohd Effendi bin Norwawi	a	-	-	8,329,505	25.35
Yeoh Soo Ann		-	-	-	-
Efeida binti Mohd Effendi	b	-	-	8,329,505	25.35
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		284,750	0.87	-	-
Datuk Fong Joo Chung		-	-	-	-
Dato' Marcus Kam Kok Fei		2,500	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-

a. Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act,1965.

b. By virtue of the substantial shareholdings in Lavista Sdn. Bhd. held by her and person connected to her.

LIST OF 30 LARGEST WARRANTS HOLDERS
(as at 18 April 2013)

No.	Name of Warrants Holders	No. of Warrants	%
1.	UOBM Nominees (Tempatan) Sdn. Bhd. for Pegang Impian Holdings Sdn. Bhd.	10,469,000	31.87
2.	UOBM Nominees (Tempatan) Sdn. Bhd. for Lavista Sdn. Bhd.	8,329,505	25.35
3.	Ching Chooi Sim	5,587,713	17.01
4.	Ng Ho Fatt	700,000	2.13
5.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Shaiha binti Mahmud @ Mohd Ali (REM 851-Margin)	687,100	2.09
6.	Teo Yong Fong	533,100	1.62
7.	Ang Yook Chu @ Ang Yoke Fong	439,200	1.34
8.	ECML Nominees (Tempatan) Sdn. Bhd. Jason Jonathan Lo (PCS)	433,313	1.32
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Chin Hooi (MP0137)	310,000	0.94
10.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Exempt An for UOB Kay Hian Pte. Ltd. (A/C Clients)	310,000	0.94
11.	Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Boon Pock (TAN6190M)	300,000	0.91
12.	Datuk (Dr) Philip Ting Ding Ing	284,750	0.87
13.	Dan Yoke Pyng	167,150	0.51
14.	Lim Chung Kee	158,800	0.48
15.	TA Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Charles Ross Mckinnon	137,400	0.42

No.	Name of Warrants Holders	No. of Warrants	%
16.	Kiu Chiong Chin	127,913	0.39
17.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chong Hwa Jau (M78021)	110,000	0.33
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	108,750	0.33
19.	Charles Ross Mckinnon	102,600	0.31
20.	Chong Mong Yuen	100,000	0.30
21.	JS Nominees (Asing) Sdn. Bhd. Richmond State Corporation (RI058)	100,000	0.30
22.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kew Yuen Ching	100,000	0.30
23.	Kuit See Boon	94,700	0.29
24.	Tan Siong An	85,000	0.26
25.	Lim Jiun Hsiung	79,700	0.24
26.	ECML Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Boon Lai	70,000	0.21
27.	Lee Kooi Yin	70,000	0.21
28.	Wu Nge Peng	67,100	0.20
29.	Seow Meh Foong	61,000	0.19
30.	Wang Guek Lah	61,000	0.19
	Total	**30,184,794**	**91.88**

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 2012, the retained profits and share premium account of the Company stood at RM62,989,063 and RM102,434,688 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 the 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 Interests of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of Encorp as at 18 April 2013 on the assumption that Shares are purchased from shareholders other than the Directors are set out below:

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

	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back [1]			
	Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato Sri Mohd Effendi bin Norwawi	-	-	66,636,036 [2]	30.55	-	-	66,636,036 [2]	33.13
Yeoh Soo Ann	-	-	-	-	-	-	-	-
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.04	-	-	2,278,000	1.13	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-
Efeida binti Mohd Effendi	-	-	66,636,036 [3]	30.55	-	-	66,636,036 [3]	33.13
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-
Dato' Marcus Kam Kok Fei	47,000	0.02	-	-	47,000	0.02	-	-
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-

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 Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato Sri Mohd Effendi bin Norwawi	-	-	66,636,036 [2]	30.55	-	-	91,624,550 [2]	28.93	-	-	91,624,550 [2]	31.61
Yeoh Soo Ann	-	-	-	-	-	-	-	-	-	-	-	-
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.04	-	-	3,132,250	0.99	-	-	3,132,250	1.08	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-	-	-	-	-
Efeida binti Mohd Effendi	-	-	66,636,036 [3]	30.55	-	-	91,624,550 [3]	28.93	-	-	91,624,550 [3]	31.61
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Marcus Kam Kok Fei	47,000	0.02	-	-	54,500	0.02	-	-	54,500	0.02	-	-
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-	-	-	-	-

[1] Assuming that 10% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares in total.

[2] Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

[3] Deemed substantial interest through the substantial shareholdings in Lavista Sdn. Bhd. held by her and person connected to her.

The proforma effects of the proposed share buy-back on the shareholdings of the substantial shareholders in Encorp as at 18 April 2013 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	%
Lavista Sdn. Bhd.	66,636,036	30.55	-	-	66,636,036	33.13	-	-
Dato Sri Mohd Effendi bin Norwawi	-	-	66,636,036 ❶	30.55	-	-	66,636,036 ❶	33.13
Efeida binti Mohd Effendi	-	-	66,636,036 ❷	30.55	-	-	66,636,036 ❷	33.13
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-	40,000,000	19.88	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ❸	18.34	-	-	40,000,000 ❸	19.88
Azman Hanafi bin Abdullah	-	-	40,000,000 ❸	18.34	-	-	40,000,000 ❸	19.88
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-	43,752,000	21.75	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000 ❹	20.06	-	-	43,752,000 ❹	21.75
Taufiq bin Abdul Khalid	-	-	43,752,000 ❹	20.06	-	-	43,752,000 ❹	21.75

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	%
Lavista Sdn. Bhd.	66,636,036	30.55	-	-	91,624,550	28.93	-	-	91,624,550	31.61	-	-
Dato Sri Mohd Effendi bin Norwawi	-	-	66,636,036 ❶	30.55	-	-	91,624,550 ❶	28.93	-	-	91,624,550 ❶	31.61
Efeida binti Mohd Effendi	-	-	66,636,036 ❷	30.55	-	-	91,624,550 ❷	28.93	-	-	91,624,550 ❷	31.61
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-	40,000,000	12.63	-	-	40,000,000	13.80	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ❸	18.34	-	-	40,000,000 ❸	12.63	-	-	40,000,000 ❸	13.80
Azman Hanafi bin Abdullah	-	-	40,000,000 ❸	18.34	-	-	40,000,000 ❸	12.63	-	-	40,000,000 ❸	13.80
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-	75,159,000	23.73	-	-	75,159,000	25.93	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000 ❹	20.06	-	-	75,159,000 ❹	23.73	-	-	75,159,000 ❹	25.93
Taufiq bin Abdul Khalid	-	-	43,752,000 ❹	20.06	-	-	75,159,000 ❹	23.73	-	-	75,159,000 ❹	25.93

Assuming that 10% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares in total.

❶ Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

❷ Deemed substantial interest through the substantial shareholdings in Lavista Sdn. Bhd. held by her and person connected to her.

❸ Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

❹ Deemed interest by virtue of their substantial shareholdings in Pegang Impian Holdings 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 follows:

(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 18 April 2013 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 18 April 2013	223,508,536	223,508,536
To be issued pursuant to:		
- full conversion of RCSLS	-	65,706,060
- full exercise of Warrants	-	32,853,030
Enlarged issued and paid up share capital	223,508,536	322,067,626
Treasury shares as at 18 April 2013	(5,386,000)	(5,386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(16,964,854)	(26,820,763)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	201,157,682	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

For the financial year ended 31 December 2012, the Company had declared and paid an interim single tier dividend of 2 sen per ordinary share and the Directors had recommended a single tier final dividend of 2 sen per ordinary share.

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 2012 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 director(s), substantial shareholder(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining Encorp shares not held by him/them.

However, an approval may be sought from the Securities Commission by the affected director(s) or substantial shareholder(s) for exemption under 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

As per the Record of Depositors as at 18 April 2013, a total of 5,386,000 shares were held as treasury shares.

None of the 5,386,000 shares bought back has been resold, cancelled or distributed as share dividend.

10. Public Shareholding Spread

As at 18 April 2013, the public shareholding spread of Encorp was 29.26%. The public shareholding spread is expected to be reduced to 21.67% assuming the share buy-back is 22,350,854 Encorp Shares (min scenario) and 24.81% assuming the share buy-back is 32,206,763 Encorp Shares (max scenario) and all the Encorp Shares so purchased are cancelled. 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

ENCORP BERHAD

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

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of ENCORP BERHAD will be held at Entebar Room, First Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Wednesday, 19 June 2013 at 2.30 p.m., for the following purposes:

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)

2. To declare a single tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2012. (Ordinary Resolution 2)

3. To approve the payment of Directors' fees for the financial year ended 31 December 2012. (Ordinary Resolution 3)

4. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Chew Kong Seng @ Chew Kong Huat, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting." (Ordinary Resolution 4)

5. To re-elect the following Directors who retire in accordance with Article 81 of the Articles of Association of the Company:

   (a) Datuk (Dr) Ting Ding Ing (Ordinary Resolution 5)
   (b) Datuk Fong Joo Chung (Ordinary Resolution 6)
   (c) Datuk Dr Md Hamzah bin Md Kassim (Ordinary Resolution 7)

6. 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 8)

As Special Business

To consider and, if thought fit, to pass the following resolutions:

7. 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 9)

8. 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 for the time being of the Company;

(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 10)

9. Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to Datuk (Dr) Ting Ding Ing who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company and that the Board of Directors be authorised henceforth to determine on a year to year basis the continuation in office of Datuk (Dr) Ting Ding Ing as an Independent Non-Executive Director of the Company until such authority is revoked at a general meeting." (Ordinary Resolution 11)

10. Proposed Amendments to the Articles of Association of the Company

"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix I attached to this Annual Report be and are hereby approved and adopted AND THAT the Directors and Secretary of the Company be and are authorised to carry out all the necessary steps to give effect to the amendments." (Special Resolution)

11. To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a single tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2012 will be payable on 10 July 2013 to depositors whose names appear in the Record of Depositors at the close of business on 26 June 2013 if approved by the members at the Thirteenth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of :

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 26 June 2013 in respect of ordinary transfers; and

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

By Order of the Board

Lee Lay Hong
(LS 0008444)
Company Secretary

Kuching
28 May 2013

Explanatory Notes to Special Business:

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

   The above Ordinary Resolution 9 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 9, 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 Twelfth Annual General Meeting held on 21 June 2012 and which will lapse at the conclusion of the Thirteenth Annual General Meeting ("13th AGM") to be held on 19 June 2013.

   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 10 is intended to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 21 June 2012. 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. Continuation in office as Independent Non-Executive Director

   The Board has assessed the independence of Datuk (Dr) Ting Ding Ing, who served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

   i) He fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements of Bursa Securities, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board;

   ii) His vast experience in the field of accounting enabled him to provide the Board with a diverse set of experience, expertise and independent judgement; and

   iii) He actively participated in board discussion and provided an independent voice on the Board

   The above Ordinary Resolution 11, if passed, will enable Datuk (Dr) Ting Ding Ing to continue to serve as Independent Non-Executive Director of the Company and will give powers to the Board of Directors to determine in the subsequent years, the continuation of such office until such time the authority is revoked.

4. Proposed Amendments to the Articles of Association of the Company

   The proposed special resolution, if passed, will bring the Company's Articles of Association in line with the amendments made to the Listing Requirements of Bursa Securities, which applicable, and to enhance administrative efficiency.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 13th 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 Level 2, Block B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak 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 Thirteenth Annual General Meeting of the Company.

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:

Article No.	Existing Articles	Proposed Amended Articles
2	Nil	Words Meanings **Exempt Authorised Nominee** **An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act**
4(d)	every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director.	every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting **and no Director shall participate in a scheme that involves a new issuance of shares to employees unless Members in general meeting have approved the specific allotment to be made to such Director.**
74	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. A proxy may but need not be a Member of the Company and the provisions of section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it **shall** appoint **not more than two (2) proxies** in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. A proxy may but need not be a Member of the Company and the provisions of section 149(1)(b) of the Act shall not apply to the Company. **There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.** The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

Article No.	Existing Articles	Proposed Amended Articles
74A	Nil	**Appointment of multiple proxies** **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.**
75	The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statutes permit or in such other form as the Exchange may approve:	The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statutes permit or in such other form as the Exchange **and/or Directors** may approve:
102	Subject always to Sections 131, 132E, 132F <u>and 132G</u> of the Act, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in anyway interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.	Subject always to Sections 131, 132E **and** 132F of the Act, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in anyway interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

ENCORP
BERHAD

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

No. of shares held	

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 Thirteenth Annual General Meeting ("13th AGM")of the Company, to be held at Entebar Room, First Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Wednesday, 19 June 2013 at 2.30 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 2012 together with Reports of the Directors and Auditors thereon		
2.	Declaration of a single tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2012		
3.	Approval of Directors' Fees for the financial year ended 31 December 2012		
4.	Re-appointment of Dato' Chew Kong Seng @ Chew Kong Huat as Director		
5.	Re-election of Datuk (Dr) Ting Ding Ing as Director		
6.	Re-election of Datuk Fong Joo Chung as Director		
7.	Re-election of Datuk Dr Md Hamzah bin Md Kassim as Director		
8.	Re-appointment of Messrs Ernst & Young as Auditors and authority to the Directors to fix the Auditors' remuneration		
9.	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	Proposed renewal of authority for share buy-back		
11.	Continuation in office as Independent Non-Executive Director - Datuk (Dr) Ting Ding Ing		
Special Resolution			
Proposed Amendments to the Articles of Association of the Company			

(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 _____________ 2013.

Signature ________________________

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 13th 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 Level 2, Block B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak 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)

Level 2, Block B-59, Taman Sri Sarawak Mall

Jalan Tunku Abdul Rahman

93100 Kuching, Sarawak

ENCORP BERHAD (506836-X)

No. 45G, Jalan PJU 5/21 ▪ The Strand Encorp ▪ Pusat Perdagangan Kota Damansara
Kota Damansara ▪ PJU 5 ▪ 47810 Petaling Jaya ▪ Selangor Darul Ehsan

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