ENCORP BERHAD

ANYTHING BUT ORDINARY

(506836-X)

annual report 2011

innovation

Mood lighting and indoor cascade at Encorp Strand Mall

in·no·va·tion \ˌi-nə-ˈvā-shən\

1: the introduction of something new
2: a new idea, method, or device : novelty
— in·no·va·tion·al adjective

Here at Encorp Berhad, our Good to Great Journey is marked by the spirit of innovation. Like light bulb moments of inspiration, revelation, or recognition, the innovation of electric ideas hinge upon the creativity of people.

At Encorp Berhad, we keep our business healthy and fiercely competitive with innovative products, services and ideas by employing the best people. At the core of our company, we rely on business model innovation to create new products and services by tapping into the creative potential of the entire organisation.

By providing structures to implement the light bulb moment innovations, we encourage idea champions within our company, all part of our commitment to turn from a Good company to Great one.

In 2011, we turned up the wattage on our light bulb moments as we get closer to our goal of being a great company on our G2G (Good to Great) journey.

charting the good to great journey

The Edge - PEPS
Value Creation Excellence
Award 2010

FINALIST
2010
CORPORATE RESPONSIBILITY AWARDS
StarBiz ICR
MALAYSIA

Finalist

StarBiz ICR Malaysia Corporate Responsibility Awards 2010

ASIA PACIFIC PROPERTY AWARDS
in association with
Bloomberg
TELEVISION
HIGHLY COMMENDED
MIXED-USE DEVELOPMENT
MALAYSIA
Encorp Strand, Kota Damansara by Encorp Berhad
2011

Highly Commended
Mixed-Use Development Malaysia

Asia Pacific Property Awards 2011

Malaysia
HR AWARDS 2011

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

Malaysia HR Awards 2011

Encorp Strand Red Carpet Avenue

Encorp Strand Red Carpet Avenue offers a unique "Plug and Play" experience allowing any event staged here to reach unique levels of sophistication.

table of contents

Encorp Marina Puteri Harbour boasts amazing architectural elements that complement a unique lifestyle.

Encorp Marina Puteri Harbour

Encorp Strand Residences

val·ue *noun* \ˈval-(ˌ)yü\

1: a fair return or equivalent in goods, services, or money for something exchanged
2: the monetary worth of something
3: relative worth, utility, or importance

At Encorp, we redefine value based on the satisfaction we see in all our customer's faces when they confirm that they have purchased a product that exemplifies the real meaning of "value for money". Our customers experience a new example of value when they are able to reinforce their confidence on their purchase by experiencing a product of paramount quality designed and developed with great thoughtfulness that provides them with assurance that their investment will only appreciate over time.

management perspective

Encorp Marina Puteri Harbour will provide exclusive amenities specially catering for those with discerning taste.

Message From the 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 2011.

When I returned to Encorp in 2009, my mission was to challenge the team to turn Encorp from a good company to become a great one by the year 2013. The first thing we did was to get every team member on board and harness everyone's energy, imagination and commitment towards this common goal. We worked hard to get everyone into the mode to do anything but the ordinary. In the two short years, I believe we are strongly moving in the right direction.

Encorp's 'Good to Great' (G2G) journey has been marked by our ability to grow through innovation in our processes, strategy and a roadmap to deliver the best QSVS (Quality, Standards, Value, Service) in the marketplace especially for our customers.

I am particularly very pleased to welcome back Mr Yeoh Soo Ann as Group Chief Executive Officer, a position he has taken on board since October 2011. His leadership and expertise will be instrumental for the Group's future success.

In 2011, we continued to garner a number of awards. Encorp Strand, our flagship development in Kota Damansara, Selangor, received an international recognition when it won the prestigious Asia Pacific Property Award 2011 - Highly Commended (Mixed-Use Development Category). This together with The Edge-PEPS Value Creation Excellence Award we won in 2010 is a testament of the innovative and value creation capabilities of the Encorp family.

Encorp was named as one of the top 27 public-listed companies in the Starbiz ICR Malaysia Corporate Responsibility Awards 2010. We were also awarded the Employer of Choice Award (Bronze) and HR Leader of the Year Award (Silver) in conjunction with the Malaysia HR Awards 2011.

Financial Highlights

For the financial year ended 31 December 2011, the Group's Revenue for the twelve months was on an uptrend at RM289.9 million compared to RM269.7 million for the corresponding period in 2010. Overall, Encorp registered a Profit After Tax of RM29.9 million for the financial year ended 31 December 2011 against RM11.0 million registered in 2010.

As a result of the Rights Issue of Redeemable Convertible Secured Loan Stocks (RCSLS) exercise in 2011, we managed to raise RM65.7 million. This figure demonstrates shareholders' confidence in Encorp, a fundamental element of our Group's success. Proceeds from the RCSLS exercise will fund development projects earmarked as part of Encorp's business expansion strategy.

Our 'Good to Great' Journey

As promised, we delivered various projects in 2011. Encorp launched the Residences at Encorp Strand which will certainly benefit from the value created by other successful elements of the larger Encorp Strand development, namely the Encorp Strand Mall and Red Carpet Avenue. The encouraging response to the sales launch of these residential units is proof that we have set a new benchmark in urban living and the market likes it!

In 2011, we launched the climate-controlled covered alfresco boulevard Red Carpet Avenue, one of the longest of its kind ever built in the Klang Valley. Designed by award-winning architect Nicolas Ayoub who took inspiration from the famous Champs Elysees in Paris, Encorp promised that the Red Carpet Avenue would be the place to be at in Kota Damansara.

Since the project's completion, its unique roof structure and design has brought many especially from

Encorp Strand Mall will bring the outdoors indoors in unique and innovative ways such as vertical gardens.

Encorp Strand Mall and Residences have been designed to create an Iconic landmark in Kota Damansara.

Encorp Strand Residences

the surrounding areas to explore our Red Carpet Avenue, to enjoy its beautiful ambiance, have a great meal, and from time to time, catch great live entertainment. The Red Carpet Avenue's grand launch in September 2011 was a spectacular event held in conjunction with Malaysia Day and graced by the Deputy Prime Minister of Malaysia.

We have also launched The Residences on McCallum Lane in Perth, Australia. Developed by our Australian subsidiary, Encorp Development Pty Ltd, this exclusive residential project of 28 apartments in low-rise blocks overlooking the Swan River presents stunning views of the Perth city skyline. It is not surprising that the project has received much interest from the market, both in Malaysia and Australia.

Moving Forward: Continuing to Deliver QSVS

For 2012, our plans are to launch several residential developments in Batu Feringghi in Penang, Puteri Harbour in Iskandar Malaysia and Shah Alam in Selangor.

The hillside villa development at Batu Feringghi, Penang, and condominium development in Puteri Harbour, Iskandar Malaysia, are slated for launch this year. So too is Phase 3 of the Lotus residences at Encorp Cahaya Alam in Shah Alam.

In 2013, Encorp Strand Mall aims to be the mall of choice for the 500,000-plus residents within 10- minute drive time. We want Encorp Strand Mall to be known for its beautiful and inviting ambiance, service experience and convenience. Given Encorp's track record of innovation in design and project management, we are confident of delivering on our promises. Construction is targeted to complete by early 2013 followed by the launch 2nd Quarter that year.

Future projects at Encorp's other land banks will keep the Group busy for the next 5-8 years. The type and timing of these developments will very much depend on market demand. In addition, on the cards are the development of an integrated resort and international golf course in Cherating on the east coast of Malaysia under the Government-led East Coast Economic Region (ECER) initiative.

Apart from planning and implementing projects on the ground, Encorp is mindful of its need to be a responsible and sustainable business. We have adopted a sustainability roadmap embedded into our business strategy. The roadmap addresses material impacts of our business and sets targets to address them. With an Environment Social Governance (ESG) Index slated to be launched at the end of 2012 on Bursa Malaysia, Encorp is aiming to be eligible for this Listing by implementing

Encorp Strand Mall

We are constantly raising the bar and looking for new ways in which we are able to meet and surpass our customers' expectations.

this sustainability roadmap which will help us to communicate and attract Socially Responsible Investments (SRIs).

Customer Relationship Management (CRM), with the identification and tracking of Encorp's customer experience at every touch point, is another key focus for 2012. Our aim is to be a forerunner in CRM in the market place.

Encorp's Spirit of Innovation: 'Anything But Ordinary'

Encorp's commitment to innovation is part of our vision to provide our stakeholders the Encorp experience of 'Anything But Ordinary' through delivering unique products and outstanding services.

Innovation is embedded into all our processes – from the drawing board, to construction, delivery, sales and after sales.

In 2011, this innovation led to the upgrading of our QSVS commitment by incorporating Encorp's Seven Distinct Capabilities into our strategy and roadmap as follows:

- Most exciting and **INNOVATIVE** concept
- Unique ways in **ADDING VALUE**
- Deliver highest **QUALITY** with best technology and cost
- Excellent in meeting customer needs through world class **CRM**
- Strong relationship and **CREDIBILITY** with public sector
- Dedicated and committed **EMPLOYEES**

With the team's support, I am confident these Distinct Capabilities will be a key driver of our future success.

Acknowledgements

In 2011, we achieved successes on all fronts – financially, operationally through the delivery of our promises in projects, as an employer, and as a corporate citizen.

To our stakeholders, I thank you for your continued support. These are exciting times for Encorp. Going forward, expect more enthusiasm and high energy to drive delivery of our promises. Continue to ride this 'Anything but Ordinary' journey with us.

I would also like to sincerely thank members of our Board of Directors, the Management team and all staff of Encorp for their commitment and dedication, consistency in delivering high-quality and innovative ideas, solutions and work processes, and for their focus to help move Encorp in its journey of growth and expansion.

Encorp has so much to celebrate. The awards and recognition we received in 2011 for our property projects and business processes are testimony that Encorp is on the right track. And yet, there is more to be done. Our Seven Distinct Capabilities roadmap sets the strategic framework for Encorp's future growth. With our track record, you know that Encorp will give it our all.

YBHG DATO' SRI MOHD EFFENDI BIN NORWAWI
Executive Chairman

Our attention to detail plays an important role in designing spaces that go beyond the norm and create a unique experience at every touch point.

Group CEO's Operations Review

The global economic scene for year 2011 was slow as it was impacted by global events and trends like the Eurozone debt crisis, and the Japan and Thai disasters. However in Malaysia, the government emphasis of shifting growth to the private sector with the implementation of initiatives under the Economic Transformation Programme coupled with incentives under Budget 2011 has resulted in a GDP growth of 5.1 per cent, with a reduction in the national fiscal deficit to 5 per cent.

Malaysia is a strong consumption driven economy, and in 2011 consumption-driven demand contributed to 66.6 per cent of total economic growth. Encorp has benefited from Malaysians' investments in and consumption of property-related products in 2011.

In the property sector, Bank Negara's ruling on housing loan requirements for purchasers in 2011 is timely as it ensures a sustainable demand in this sector. The tightening of rules were done with the rationale of ensuring individuals do not borrow beyond their means hence controlling the property bubble. As a result, a maximum loan-to-value ratio of 70 per cent for third housing loans to curb excessive investment and speculative activity in the residential property market was set.

Despite the above in 2011, Encorp posted a Profit After Tax (PAT) of RM29.9 million, a substantial improvement from the 2010 PAT of RM 11.0 million. Encorp's PAT improvement in 2011 was attributed by improved in demand on our property development.

I re-assumed the position of Group Chief Executive Officer in October 2011 and am impressed with the progress we have made as a company. On behalf of the management and board of directors of Encorp Berhad, I present our operations review for 2011.

For our business strategy for 2011, we put in motion our various property development projects and launches. All part of our Good To Great (G2G) journey, where we emphasised on Quality, Standards, Value, Service (QSVS) through innovative thought processes and products. I am proud to say that 2011 was a good year of achievement for the company.

Property Development

In 2011, our property development activities focused on a number of developments we had slated for completion or construction.

Encorp Strand

Residences

Encorp launched the Encorp Serviced Residences with about 100 units out of the total 278 sold during the launch. For the Residences, which will be built above the shopping mall, designs have been selected which will translate into an iconic and modern residential tower, complementing the overall Encorp Strand concept and experience. The 35-storey tower comprises studio units, two and three bedroom apartments, and a limited number of duplexes and penthouses with private pool, sky gardens and exclusive residence access to Encorp Strand Mall.

Encorp Strand Mall

With construction of Encorp Strand Mall slated for completion by early 2013 and its launch in 2013, Encorp Strand Mall is part of our signature development in Encorp Strand, Kota Damansara, one which will create and add value to the overall integrated commercial development. Customers of Encorp Strand Mall at Encorp Strand will find the spirit of innovation, inspiration and transformation in various aspects of this functionally designed mall, which will provide a unique Encorp Experience. By focusing on ambience, experience and 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 concept of an urban oasis, our innovations hone in on the appeal of bringing the outdoors indoors, creating a natural space for people to gather and have fun. An inspiring 200-foot cascading water feature will be the centre of attention under the warmth and light flooding atrium depicting

Encorp Strand Mall will have a wide array of innovative offerings and features that will certainly make it the mall of choice for everyone.

the natural interior skylight. The whole mall experience will be completely different with the innovations Encorp has designed. These include details such as a valet lounge in the basement car park, parcel pick up for supermarket customers, dedicated supermarket parking, a concierge desk, three drop off points, stylishly designed toilets with a boudoir area, panic buttons in the ladies toilet and a parents room.

Parents will find an amazing array of the latest, most innovative children's edutainment offerings available for their offspring. An 18,000 square foot space will be devoted to innovatively fulfilling the needs, aspirations and desires of modern parents. A massive 33,000 square foot Cineplex of several screens with a total of 1,200 seats will also be the pride of the location. There will also be a 25,000 square foot Supermarket on the ground floor, which will stock the freshest and best quality produce – fruits from around the world, delectable seafood, high quality imported meat, wine and fine food products.

Red Carpet Avenue

After its grand launch on Malaysia Day, the Red Carpet Avenue went on to host a series of events which continued through to the year which underscored its goal of offering customers lifestyle choices and to be the foremost entertainment and dining hub in the region. The Red Carpet Avenue currently has a good mix of different F&B outlets to cater to variety of food.

In line with our aim to make Red Carpet Avenue an entertainment hub, we have equipped it with innovative facilities and technologies such as a state-of-the-art sound system and specially designed lighting and fibre-optic cables which have been seamlessly embedded for a complete 'plug & play' experience for those who wish to hold local and international events such as performances, film premieres, fashion shows, product launches as well as music and cultural festivals.

Garden Office

We have sold 62% of units at the Garden Office. There are environment sustainable features incorporated into the development and we are currently pursuing a few block buyers for the remaining blocks. These results in benefits like the conservation of rain water, natural sun shading and heat insulation. The sky gardens are linked by 150-metre Skywalks, with visitors transported to the sky bridge in bubble lifts. We have retained a few blocks with the intention of obtaining Green Building Index (GBI) to create value for our purchasers.

Encorp Cahaya Alam

In 2011, we revamped the masterplan to further add value to our existing and new buyers for our residential development in Encorp Cahaya Alam in Shah Alam. Our new Encorp Cahaya Alam master plan will further enhance our vision of improving the quality of life for our customers. The new masterplan provides the integrated landscape, space and water features which creates the ambience and eco-system conducive for a high quality of life for families and the community.

It focuses on innovations like landed strata cluster homes and zero lot bungalows with lush landscaping within a gated and guarded community with clubhouse facilities. Coupled with other innovations like underground electrical cablings, covered drains, and ready high-speed broadband infrastructure, Encorp Cahaya Alam is about creating value through innovative designs for our customers.

Encorp also launched two new phases in 2011, namely Lotus and Frangipani. All the link house units in Phase 2 of Frangipani were sold while Phase 3 has shown encouraging sales. Similarly, all the semi-detached homes under Phase 1 of Lotus have been sold while Phase 2 has shown encouraging sales.

Encorp Marina Puteri Harbour

The serviced residences at Encorp Marina Puteri Harbour is targeted to be launched in June 2012. This is a first rate commercial and serviced apartment development located on 3.3 acres of premier waterfront property in Puteri Harbour, Iskandar Malaysia. We expect demand to be encouraging as it is located only 30 minutes from Singapore's Central Business District, and is easily accessible to the North-South highway and the Johor Bahru highway.

Batu Ferringhi, Penang

The 87 hillside villas in Batu Feringghi will be launched in September 2012. Located on 5.8 acres of prime property in Pulau Pinang, the development is an upscale Mediterranean hillside village concept with unobstructed views of the sea. We are optimistic that the project will be well received by the market.

The Residences on McCallum Lane, Perth, Australia

The Residences on McCallum Lane, Perth, Australia, Encorp's first foray project out of Malaysia, was soft launched in September 2011.

Garden Office at Encorp Strand provides the creative businessman with unique flexible capabilities that will help businesses flourish.

Situated in a highly strategic location in the inner south-eastern suburb of Victoria Park in Perth. As the eastern gateway to Perth's central business district, being the intersection of three eastern arterial roads of Albany Highway, Canning Highway, Great Eastern Highway and the Causeway Bridge, the locale is a highly sought after residential area.

Purchasers of this property will find, as with other Encorp developments, a variety of lifestyle options nearby which create value to the Residences. It is located in an area with generous parkways and riverside access. A short drive to Burswood entertainment complex, families will enjoy the close proximity of pubs and restaurants within a ten-minute drive.

For those seeking an active lifestyle, there are the amenities and benefits of a number of major golf courses within a ten-minute drive such as Royal Perth, Collier Park, Maylands Peninsula and the famous Burswood Golf Course. Additionally, it is also located close by to two major universities, namely, University of Western Australia and Curtin University.

Thus far, we have sold 61% units in this exclusive residential project of 28 apartment units on four-storey blocks overlooking the Swan River with stunning views of the Perth city skyline. Construction is expected to commence in 2012 and targeted to complete within 14 months.

Construction

As part of Encorp's G2G vision, we strategically work at achieving best standards in our safety, quality and environment management system certification program. We are proud to be certified as a company practising Occupational Health, Safety and Environment Management System. In November 2011, Encorp was awarded certifications in MS 1722:2005, OHSAS 18001:2007 and EMS 14001:2004.

Construction is one of the core components of our business and through Encorp Construct Sdn Bhd, Encorp was awarded two new projects through tender in 2011. One was a RM21 million contract for the contruction of two and three storey shops and offices in Encorp Cahaya Alam, Shah Alam. Another is a RM166 million contract for the super-structure of commercial blocks in Kota Damansara, Selangor.

Encorp also delivered on projects due in 2011. The RM150 million value construction and upgrading of 11 schools in Kuching, Sri Aman and Bintulu in Sarawak was completed under the stipulated terms of our contract with the Ministry of Education. The Sarawak Chief Minister Pehin Sri Haji Abdul Taib Mahmud officiated the opening of one of these schools, SK Santubong to signify the completion of construction.

Construction is still in progress for our awarded RM130.8 million Electrified Double Track Rail Project (Seremban – Gemas) which involves the construction, commissioning of station buildings and associated structures and services.

Innovating Processes and Systems – Encorp's Seven Distinct Capabilities

None of our achievements would have been possible without a clear idea of where we are heading and how we are going to get there. We have been constantly innovating in our strategy, our roadmap, our action plans and our processes to deliver QSVS on our G2G journey by delivering high-quality innovative design concepts which hit the timelines. In 2011, we came up with Encorp's Seven Distinct Capabilities and along with them, designed in-store systems and processes backed by IT which will aid all our departments delivering system.

Looking Ahead 2012

For 2012, we have a slew of plans for expansion which will continue to add value for shareholders of our business.

A major component of our growth plan is to expand our land bank at prime locations. In line with this, we have identified several parcels of land which are ideal for developments. In acquiring our land banks, we are highly selective in ensuring we can execute a development concept which will bring value to our purchasers. Throughout the course of 2012, we will be sharing more on these plans.

We are also in advanced discussion with landowners for possible joint developments. In responding to the initiatives by the government to create the value of its assets, Encorp has expressed interest to participate in either land swap or joint development basis on strategically located government land under the Public Private Partnership initiatives. Based on Encorp's experience and expertise we are fully committed to be a value creating partner to the government should the opportunity become a reality.

We have also identified facilities management as a new area of business and we are already proceeding with developing this area of business in 2012. Encorp has the skills, technologies and people to drive the area of Integrated Facilities Management (IFM) which encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, processes and technology. By offering IFM, we will bring building maintenance management to the forefront of the sustainability agenda. Efficient IFM will therefore lead to prolonged building life-cycles and more prudent management of costs.

There is growing regulatory direction by Bursa Malaysia on sustainability. Following the launch of its sustainability online portal for Directors, Bursa Malaysia is planning to launch an Environment Social Governance (ESG) index at the end of 2012. The ESG Index is part of the Bursa Malaysia's initiative to attract more Socially Responsible Investments (SRIs) to Malaysia.

I am pleased to report that in 2011, we undertook an assessment of our sustainability practices, mapped our impacts, and developed a sustainability strategy addressing these impacts in our business processes. We are publishing our first sustainability report which will facilitate better engagement with our stakeholders, be accountable for our impacts, and share our journey towards becoming a sustainable company.

In the area of Customer Relationship Management, we deemed this as our priority initiative. When we handover our products to our customers, our mental image is of a person who is full of delight at the high-quality innovative value added product he has purchased with his hard earned money. To sustain our success in the marketplace, we intend to aim even higher in CRM standards and practises.

I am confident, by building on our Seven Distinct Capabilities and delivering the best QSVS in our G2G journey, Encorp will continue to deliver on a strong fundamental business strategy for our shareholders. We will continue to strive for excellence and innovation, to win more awards in our G2G journey, to be Anything But Ordinary.

I hope you will enjoy reading this report where we will illustrate to you how we are translating our vision, mission and innovations into our products and processes.

Yeoh Soo Ann
Group Chief Executive Officer

Encorp Strand Red Carpet Avenue

Encorp Strand Red Carpet Avenue will be the epicentre of happening events in Kota Damansara.

corporate report

Inspired by Mediterranean lifestyle and architecture, our Batu Ferringhi property will be the epitome of individuality.

Batu Ferringhi, Penang

The Residences on McCallum Lane

qual·i·ty *noun* \ˈkwä-lə-tē\

1: a fair return or equivalent in goods, services, or money for something exchanged
2: the monetary worth of something
3: relative worth, utility, or importance

At Encorp we take our word and our work very seriously. When we promise a product of great quality, we make sure we deliver. The Encorp Quality Promise: To deliver a product that matches and often surpasses all our commitments.

Corporate Profile

Encorp Berhad is not just another company listed on Bursa Malaysia; it is a name that represents great ideas and an unwavering mission to enrich the life of its customers. 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. Now this name does not only stand for a reputation of excellence, but also sets up new benchmarks in quality, standards, value, service, innovation and efficiency. All aspects of its developments and products have been thoroughly and strategically planned to meet the needs of those who put their trust in Encorp and its products.

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

Spearheading the fulfillment of Encorp's vision are five signature property development projects. These are Encorp Strand in Kota Damansara, Encorp Cahaya Alam in Shah Alam, a project of hillside villas in Batu Feringghi, Penang, Encorp Marina Puteri Harbour, Nusajaya, and The Residences on McCallum Lane in Perth, Australia. Our Perth project signifies Encorp's maiden foray outside of Malaysia.

Encorp is also no stranger to the construction industry. Its construction subsidiary, Encorp Construct Sdn Bhd is a Bumiputra Contractor Class A under Contractor Service Centre (PKK) and possesses a Grade G7 and 4 star status with the Construction Industry Development Board ("CIDB"). The company is also a leader in the utilisation of the Industrialised Building System ("IBS") in Malaysia, a technology that helps to reduce construction time, costs and manpower utilisation. This was proven with the success in completing the National Teacher's Housing Project – the largest privatisation project using IBS undertaken for the Ministry of Education Malaysia.

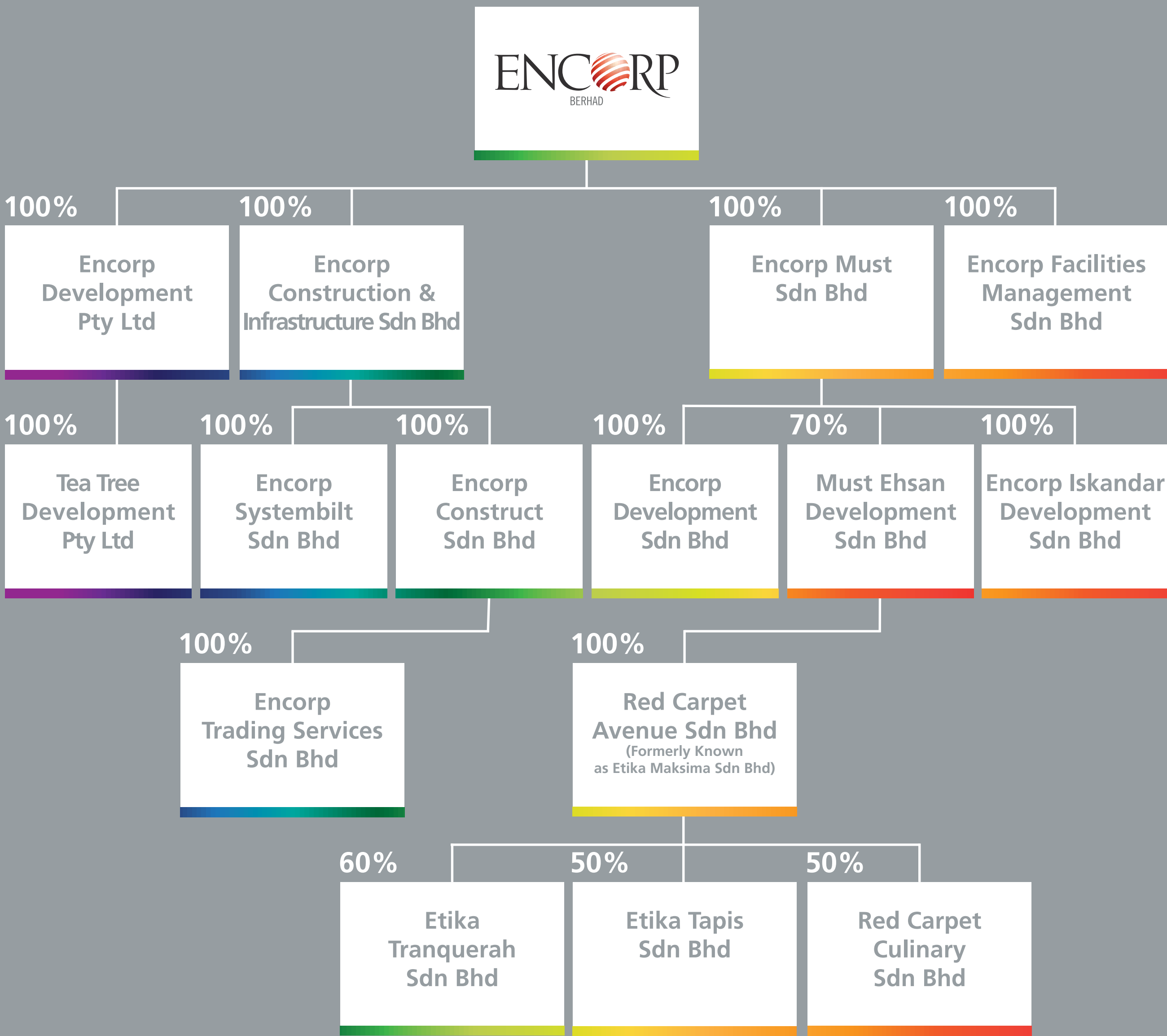
Some other notable projects under this arm include the construction, upgrading and refurbishment of a number of schools and hostels in Sarawak. The component of Encorp Construct Sdn Bhd expanded when it entered a major electrified double track rail project that involves the construction of five station buildings and their associated structures.

Even with all the achievements recorded, Encorp continues to look for opportunities to further expand its business in property and construction management across the nation and globe. With its constant effort in giving commitment to **QSVS** and **INNOVATION**, Encorp strives to stamp its mark as a highly respected company that pledges the total Encorp Experience, providing the best for its customers, investors and employees.

The Residences on McCallum Lane, Perth, have been conceptualised and designed by Chin S. Chin, a rising star in the architectural world.

The Residences on McCallum Lane

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
Red Carpet Avenue Sdn Bhd (formerly known as Etika Maksima 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

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
Non-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

Level 2, Block B-59, Taman Sri Sarawak Mall
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak

Tel: (6) 082 428 626 **Fax:** (6) 082 423 626
Email: enquiry@encorp.com.my

Share Registrar

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

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

Principal Bankers

United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
AmIslamic Bank 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

When designing we try to anticipate each and every one of our customer's needs.

Encorp Cahaya Alam

Encorp Values

Vision

ENCORP aspires to be an organisation of happy, highly motivated, 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.

2011 Highlights

6 January 11	**Awarded 3 Star Rating by CIDB** Encorp Construct Sdn Bhd was awarded 3 Star rating by CIDB (Construction Industry Development Board) Malaysia for having good technical capabilities, compliance with best practices and good project management.
12 January 11	**Extraordinary General Meeting (EGM)** Encorp held its EGM at Pullman Kuching, Sarawak. The Proposed Renounceable Rights Issue and Proposed Placement of Redeemable Convertible Secured Loan Stocks were duly approved by the Shareholders of the Company.
12 February 11	**Encorp Celebrates Chinese New Year with Senior Citizens** Encorp's CSR team spent half a day with the residents of Evergreen Retirement Home in the spirit of celebrating Chinese New Year. Encorp contributed healthy food, home essentials and a new washing machine to the home.
25 February 11	**Sponsorship to MCKK Premier 7'S Rugby Tournament 2011** Encorp sponsored RM5,000 towards the inaugural MCKK Premier 7's Rugby Tournament 2011, a seven a side Rugby Tournament, for Premier schools in Malaysia aimed to assist in shaping the development of Rugby in Malaysia.
22 March 11	**Encorp Helps Rebuild Earthquake Damaged Mosques in Padang, Indonesia** Encorp contributed RM500,000 towards rebuilding two earthquake-hit mosques in Padang that were badly damaged, Masjid Raya Jambak and Masjid Ikur Koto.
23 March 11	**Redeemable Convertible Secured Loan Stocks (RCSLS)** The RCSLS Exercise was completed following the admission and listing of RM65,706,060 RCSLS and 32,853,030 Warrants at the Bursa Malaysia Securities Berhad.
26 March 11	**Launch of Frangipani 2 at Encorp Cahaya Alam** Encorp launched its second phase of 2 $^1/_2$ Storey Multi Facade Homes and received wonderful response from the public.
28 March 11	**Contribution for Kejohanan Golf Amal Untuk Pendidikan** Encorp contributed RM50,000 as the main sponsor of a charity golf tournament organised by PTA Sekolah Sultan Alam Shah, Putrajaya.

29 March 11	**Top 27 Winners in the Starbiz ICR Malaysia Corporate Responsibility Awards** Encorp Berhad was named as one of the top 27 public-listed companies in the Starbiz ICR Malaysia Corporate Responsibility Awards 2010 among 954 listed companies on Bursa.
14 April 11	**Sarawak's Chief Minister Visits SK Santubong** Chief Minister Pehin Sri Haji Abdul Taib Mahmud officiated the opening of SK Santubong, signifying the completion of the school's construction. The school is one of eleven schools in Sarawak that were built, upgraded and refurbished by Encorp.
16 April 11	**Encorp Sponsored a One Night Show of "West End Stars in Concert"** As a firm supporter of the arts and culture industry, Encorp sponsored a one night show with highly acclaimed musical theatre stars at Istana Budaya.
29 April 11	**Encorp Announced Audited Accounts Year 2010** Encorp announced its audited accounts year end 2010 Profit Before Tax as RM13.65 million.
May 11	**Donation for Charitable Causes** Encorp donated RM100,000 to Yayasan DiRaja Sultan Mizan Zainal Abidin for their charitable causes.
11 May 11	**Encorp Supports Potential Local Sports Talent** Encorp continued to support the sports arena by nurturing the talent of two potential stars, sisters Elsa and Elysa Rahman, with RM20,000 for tennis training and development.
18 May 11	**Encorp Announced 1st Quarter 2011 Results** Encorp posted its 1st quarter 2011 results with a Profit Before Tax of -RM0.36 million.
19-20 May 11	**Encorp's Movie Nite** Encorp organised a 2-day Movie Night featuring the premiere of "The Pirates of the Carribean: On Strangers Tides" with Encorp's stakeholders and business partners.

24 – 25 May 11	**Silver Sponsorship for Workshop** Encorp funded RM15,000 as a Silver Sponsor for the Public Private Partnership (PPP) Workshop Series 2 entitled "Bankable and Sustainable PPP Projects: Stakeholders' Meeting of Minds" which seeks to educate participants on the key aspects affecting the bankability of a project.
31 May 11	**Winner of the Asia Pacific Property Awards 2011** Encorp's development, Encorp Strand in Kota Damansara, emerged as the winner for Highly Commended Award (Mixed-Used Development category for Malaysia). The award was presented at a high profile ceremony at the Longemont Hotel in Shanghai.
June 11	**Sponsorship to Suara KSKM** Encorp contributed RM3,500 towards supporting the Ministry of Education's internal newsletter, Suara Kesatuan Sekerja Kakitangan Makmal (KSKM).
22 June 11	**11th Annual General Meeting** Encorp held its 11th Annual General Meeting at Pullman Kuching, Sarawak. All resolutions were duly approved by the Shareholders of the Company.
4 July 11	**Contribution for Charity Golf Tournament** Encorp participated in a Charity Golf Tournament and once again contributed RM3,000 towards the development of Masjid Kota Damansara.
8 July 11	**Malaysian Property Outlook 2011 Conference** Encorp co-organised a conference with Malaysian University of Science and Technology (MUST) in which key figures in thought leadership, Dr Yeah Kim Leng, Mr Ho Chin Soon, Mr Matthias Gelber, En. Khairazan Hj Mansoor Roosnam Damha and En. Jasmin Omar, were invited to share their views on the future of property market in Malaysia.
10 July 11	**Soft Launch for Lotus 1 at Encorp Cahaya Alam** Encorp held a soft launch for Lotus, one of the developments in Encorp Cahaya Alam. Lotus 1 received an overwhelming public response from the public. Lotus comprises 92 units of 2 and 3 Storey Semi-D homes.
20-21 July 11	**Dialogue on Transformation of Vocational Education** Encorp organised a 2-day workshop at the Holiday Villa Subang for the various industries within five predefined growth corridors engaging with industry players to better understand their requirements in developing a syllabus technical and vocational curriculum.

22 July 11	**Projek Hati Nurani - Sekolah Dalam Hospital** Encorp contributed computers and printers worth RM48,530 to Projek Sekolah Dalam Hospital namely Hospital Ampang, Hospital Serdang and Institut Pediatrik, Hospital Kuala Lumpur. Projek Hati Nurani, spearheaded by Yayasan Nurul Yaqeen and led by Deputy Prime's Minister's wife, YBhg Puan Sri Norainee, intended to provide continuous education to children who are hospitalised for a long period of time.
22 July 11	**5km Fun Run and Charity Carnival** In support of National Cancer Society Malaysia, Encorp staff and their family members took part in a Charity Run at Taman Metropolitan Kepong.
24 July 11	**Contribution for Charity Golf Tournament - Sekolah Berasrama Penuh Ulung** Encorp contributed RM50,000 to help the underpriviledged by way of a Charity Golf Tournament organised by the Sekolah Sultan Alam Shah Parents and Teachers Association.
29 July 11	**Acquisition of New Subsidiary** Encorp announced that Must Ehsan Development Sdn Bhd had incorporated a new wholly-owned subsidiary known as Etika Maksima Sdn Bhd.
23 August 11	**Ramadhan Breaking of Fast With Orphanages** Encorp organised a Ramadhan breaking of fast with orphanages from Pertubuhan Anak Yatim dan Miskin Al-Munirah. YBhg Dato' Dr. Haron Din was also present to grace the gathering with his doa and wisdom.
23 August 11	**Subscription of Shares in Etika Tranquerah Sdn Bhd** Encorp announced that Etika Maksima Sdn Bhd had subscribed 60% of the issued and paid-up share capital of Etika Tranquerah Sdn Bhd.
24 August 11	**Soft Launch for The Residences on McCallum Lane, Perth Australia** Encorp held the soft launch of its exclusive residential project in Perth, Australia. An apartment development with just 28 units on 4-story blocks. The Residences on McCallum Lane offers extremely generous floor plans and quality design finishes.
24 August 11	**Encorp Reported 2nd Quarter 2011 Results** Encorp recorded a Profit Before Tax of RM0.49 million for the 2nd quarter of 2011 during its Board of Directors' meeting.

25 August 11	**Subscription of Shares in Etika Tapis Sdn Bhd** Encorp announced that Etika Maksima Sdn Bhd subscribed 50% of the issued and paid-up share capital of Etika Tapis Sdn Bhd.
29 August 11	**Subscription of Shares in Red Carpet Culinary Sdn Bhd** Encorp announced that Etika Maksima Sdn Bhd had subscribed 50% of the issued and paid-up share capital of Red Carpet Culinary Sdn Bhd.
8 September 11	**Change of Name of Subsidiary** Encorp announced that its indirect subsidiary, Etika Maksima Sdn Bhd, had changed its name to Red Carpet Avenue Sdn Bhd.
15 September 11	**Grand Launch of Red Carpet Avenue at Encorp Strand** The event, called 'Carnivale', was held in conjunction with Malaysia Day and graced by Deputy Prime Minister of Malaysia, YAB Tan Sri Dato' Hj Muhyiddin Hj Mohd Yassin.
29 September 11	**Encorp Sponsored a 3-Night Show of "The Secret Life of Nora"** As a firm supporter of the arts and culture, Encorp entertained Encorp's corporate guests with a musical theater show at Istana Budaya.
13 October 11	**Winner of the Malaysia HR Awards 2011** Encorp, the winner for the category of Employer of Choice Award (Bronze), had been recognised as a company that can attract and retain employees through attractive and excellent HR practices and systems; and whose HR Management practices and systems have impacted on the achievement of the companies business KPIs.
23 October 11	**Launch of Lotus 2 and Frangipani 3 at Encorp Cahaya Alam** Following the overwhelming public response to Lotus 1 & Frangipani 1-2, Encorp launched Lotus 2 and the final phase of Frangipani.
23 October 11	**Encorp Cahaya Alam Homeowners' Appreciation Lunch** Encorp expressed its sincere gratitude to the Camellia 1 buyers with a great line of lunch offerings and exciting children activities.

13 November 11	**Launch of Residences at Encorp Strand** Encorp received overwhelming response of over 1,500 registrations for only 278 units of the Residences. The Residences comprises a variety floor areas of Studio 1-Bedroom unit, 2-Bedroom unit, 3-Bedroom unit and Duplex Penthouses.
16 November 11	**Encorp Announced 3rd Quarter 2011 Results** Encorp garnered a Profit Before Tax of RM4.85 million in its 3rd quarter 2011 financial result.
22 & 27 November 11	**Hi-Tea Treat for Orphanage in Sarawak and Sabah** In the midst of running a roadshow in East Malaysia, Encorp's staff managed to host an exclusive hi-tea treat with two orphanages homes which are the Orphanage Home, Sibu and Sabah Cheshire Home, Kota Kinabalu. The children were treated to sumptuous hotel hi-tea dishes at their respective homes.
30 November 11	**NIOSH Certification** Encorp's subsidiary, Encorp Construct Sdn Bhd, received three certifications for Occupational Safety and Health Management System namely, OSHAS 18001:2007, ISO 14001:2004 and MS 1722: Part 1:2005.
4 December 11	**Encorp Strand Residences Homeowners' Appreciation Lunch** Encorp expressed its sincere gratitude to the Residences buyers who purchased the property during the launch on the 13 November 2011.
20 December 11	**Encorp Supports Local Sportsman** Encorp continued to support our local sportsman, Mohd Azlan Iskandar, Malaysia's top squash male talent with a sponsorship of RM40,000.00.

Encorp Cahaya Alam's unique approach to common area design makes all outdoor activities an absolute delight.

Encorp Cahaya Alam Cascade Glades

Encorp in the News

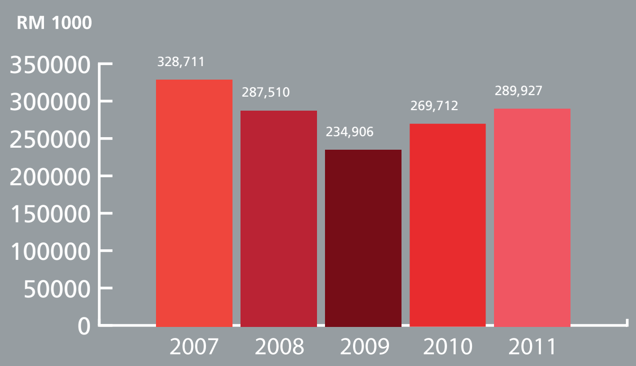
business review

Encorp Cahaya Alam Frangipani

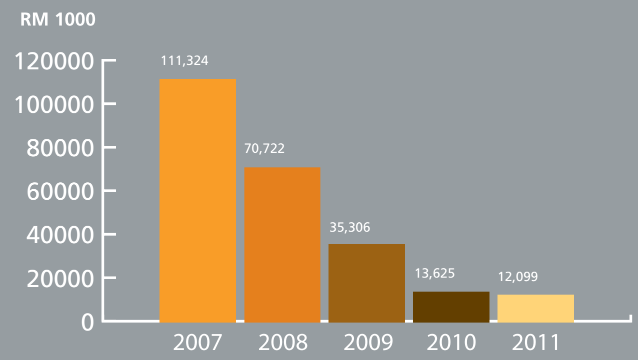
By approaching all projects in our unique Encorp way we are able to create the exceptional were common is norm.

Group Financial Highlights

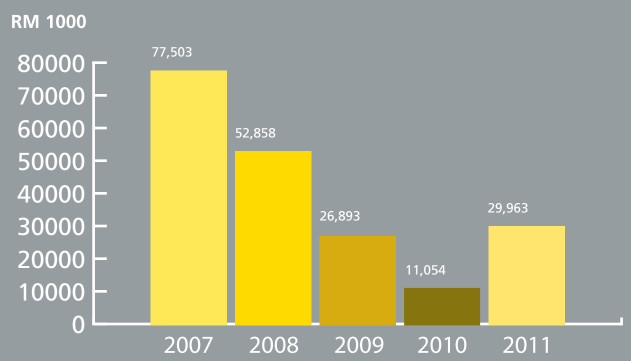
Revenue



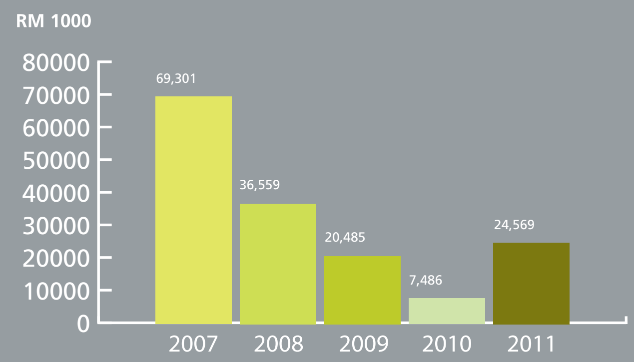
Profit before tax



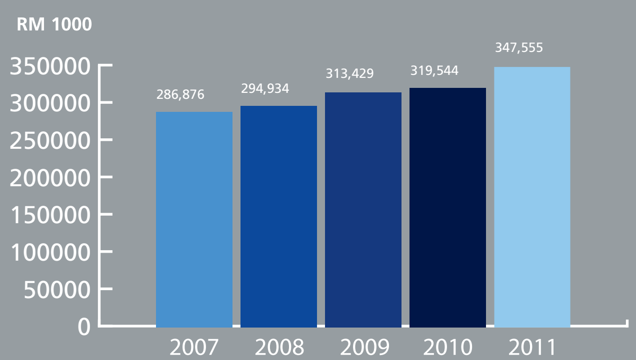
Profit net of tax



Profit attributable to owners

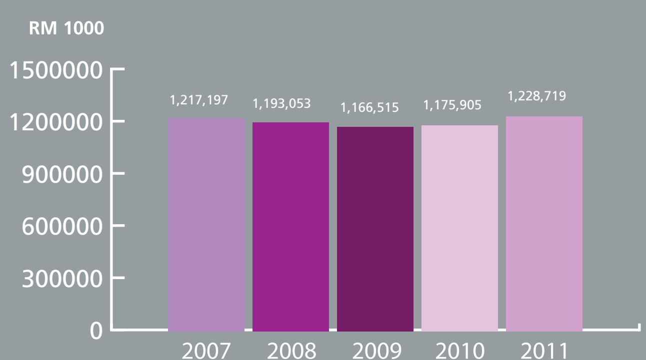


Equity attributable to owners of the parent

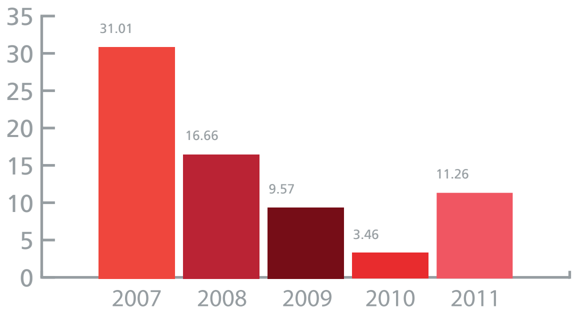


Total assets

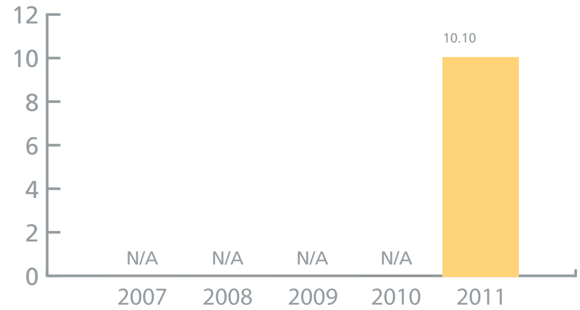
Total borrowings



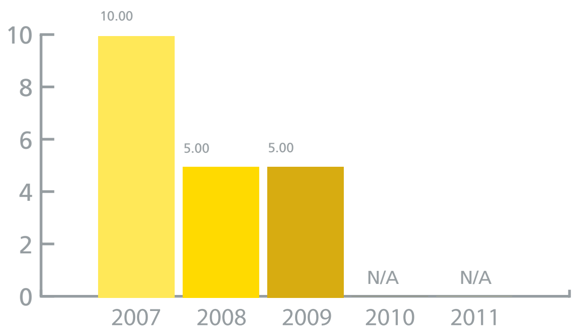
Share Information
Earning per share (sen)
Basic



Share Information
Earning per share (sen)
Diluted

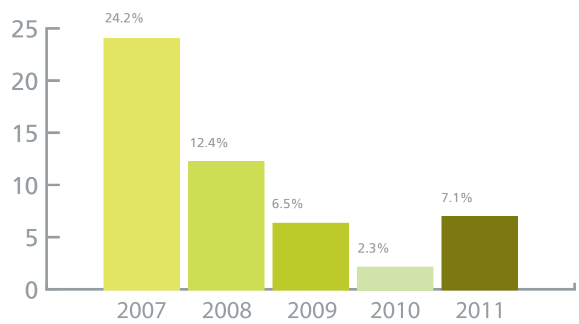


Share Information
Gross dividend per share (sen)



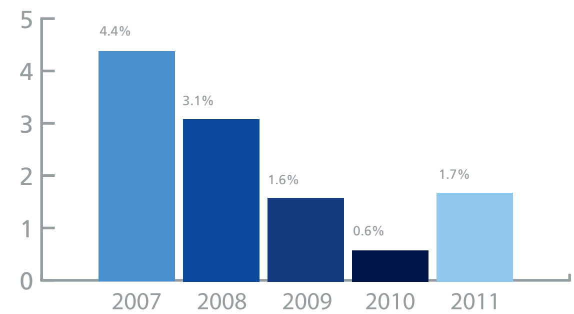
Financial Ratio
Return on equity attributable to owners

percent

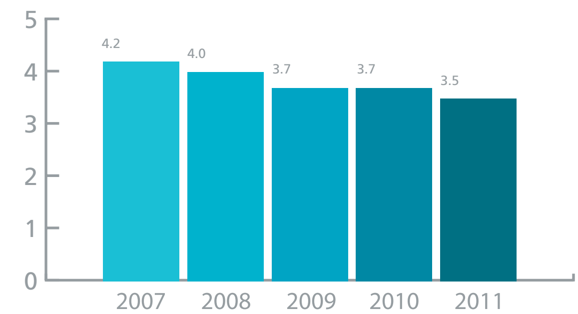


Financial Ratio
Return on total assets

percent



Financial Ratio
Debt equity ratio



Creating Value for All

Talk is easy, implementation is difficult. Like they say, the proof is in the pudding. In Kota Damansara, there are a group of people who do just that day in and day out. Structured processes, robust debate and continuous self-checks result in a common question being asked over and over again, "Have we been innovative enough to create value for our end-customer?"

Totally focused on creating value, Encorp Berhad puts innovation as the central philosophy in everything that they do. At Encorp, innovation isn't just a word, it's a way of life.

Encorp Berhad has a team of 170 employees who take it to heart to inject innovation into all their processes by putting themselves into the customer's shoes when defining the Encorp Experience from scratch.

Getting across that 'Anything but Ordinary' experience and output is what drives them. So far, the results have been positive judging by the excellent response to launches of Encorp properties, in the awards it keeps winning, in the fast appreciating value of their signature developments.

Just take a drive down to Encorp Strand at Kota Damansara and walk around the Red Carpet Avenue under a canopy of flying red carpets. Enjoy the stunning architecture, enjoy the ambiance, savour in the many speciality restaurants.

Next to the Red Carpet Avenue, Kota Damansara's tallest tower is fast rising. At 43 stories high, the Residences and Encorp Strand Mall at Encorp Strand will feature the best in retail, not in the city but as your neighbourhood community shopping haven. It has been designed to give an extraordinary experience for the 500,000 residents who live in the surrounding area. Atop the Mall will be the ultra-modern and environmentally-friendly Residences.

According to Encorp's Executive Chairman, Dato Sri Effendi Norwawi, "At Encorp, we put in a lot of effort and thought to embed innovation into every single facet of our processes – from the drawing board, to construction, to delivery, sales and after sales. It's wonderful that the market is recognising that Encorp customers enjoy a high capital appreciation for their investments. Encorp is focused on creating value through innovation. I know that every other developer says this too, but at Encorp Berhad, we just work a lot harder at it."

This philosophy resonates strongly in all Encorp projects.

It starts with building a strong corporate culture in the organisation. At Encorp, making its promises come alive is a very serious business. Encorp's aim is to be known for Quality, Standards, Value and Service (QSVS) like no other. This has resulted in innovative and outstanding concepts, a passionate drive for quality and a very high standard of supervision in all its project implementation. The Group is continuously innovating to provide better products and services as it wants customers to experience its projects in an extraordinary way. This is the Encorp Experience - Anything but Ordinary.

Encorp Cahaya Alam

Enhancing the family experience through innovation is the key attribute that Encorp Cahaya Alam strives to put meaning into its tagline, 'Built with You in Mind'. The concept behind Encorp Cahaya Alam, located in Shah Alam's Section U12, was to build innovative homes for 21st century community-living. Thoughtful design went into both the residences and surrounding neighbourhood to create a conducive environment for quality family living. Modern architecture designs, homes made of high quality materials, and lots of green parks and landscaping are just some reasons that have contributed to the popularity of Encorp's homes and appreciation of property value.

Frangipani, the unique multi-façade 2½-storey link homes has given the neighbourhood a different kind of lift. With six different façades and roof forms in one block of link houses, Frangipani created a varied and interesting architectural streetscape in true Encorp style. The market liked the design so much that all of Phase 1 and Phase 2 Frangipani homes have been sold.

July 2011 saw the successful sales launch of the 2 and 3-storey semi-detached Lotus homes. Based on the concept of offering a calm and peaceful retreat away from the city, Lotus architecture kept close to being in harmony with nature. With an extensive built-up layout of 40'x 80', the 3-storey Lotus homes feature family-cum-recreational space on the 2nd floor that opens out to a large roof top garden with a unique sky cabana.

Frangipani and Lotus are just some recent examples of Encorp Cahaya Alam's strength as a residential property development known for quality homes and innovative designs that change the family experience. Properties at Encorp Cahaya Alam make excellent investments as seen in the capital appreciation enjoyed by purchasers who have become strong advocates of the development. Sales launches often see many repeat buyers as they have experienced the quality and value appreciation of their purchasers, buyers introduced by word of mouth or friends and families of current home-owners keen to live in the area.

Another innovation is Encorp's Renovation Package deal. For customers, there is no need to look further as Encorp presents convenience and more importantly thoughtfulness. Purchasers are given the flexibility and convenience of a one-stop service to upgrade their homes and make renovations to suit their family and lifestyle needs.

Encorp is not stopping there for it has a new masterplan in the works to further enhance the appeal of Encorp Cahaya Alam as the epitome of the complete quality family environment. More landscape and parks are not just for aesthetic appeal but to improve interaction within the community and within the family unit. Other innovations added are landed strata cluster homes and zero lot bungalows with lush landscaping all within a gated and guarded community with clubhouse facilities. With Encorp's track record, the next phases of Encorp Cahaya Alam's developments are sure to be anything but ordinary!

Encorp Strand, Kota Damansara

At Encorp Strand, the Group honed its QSVS focus in this integrated property development that had to be a winner for both investors and users. The results speak for themselves - Encorp Strand was named winner of the inaugural The Edge-PEPS Value Creation Award in 2010, an accolade for properties that created the greatest value in terms of capital appreciation and sustaining value. Encorp Strand also won the Asia Pacific Property Awards 2011 which received the Highly Commended recognition in the Mixed-Used Development category for Malaysia.

Dominating a sizeable part of the Kota Damansara Central Business District, Encorp Strand, a RM1.3 billion gross development value (GDV) project, is a self-contained integrated commercial development with 5 components, namely the Business Suites, Garden Office, Red Carpet Avenue, Encorp Strand Mall and Residences. These seamlessly complement each other to deliver the Encorp Experience.

Red Carpet Avenue, an innovation for exuberant life experiences, was successfully completed and launched in 2011. This slick and modern, 800' long by 90' width climate-controlled covered alfresco boulevard signalled the beginning of Encorp's promise for a chic, urban lifestyle development. Taking inspiration from the world famous Champs-Elysees in Paris, Red Carpet Avenue's trademark is its glass canopy with suspended 'flying' red carpets. With state-of-the-art light and video projection systems, and specially designed lighting and fibre optic system for a complete 'plug and play' facility, the Red Carpet Avenue is fast becoming a favourite venue for sports events, live street performances, film premiers, fashion shows, and product launches that come alive in its beautiful setting. When the whole Encorp Strand project is fully operational, the Red Carpet Avenue is set to be the next happening place for Kota Damansara and the extended Petaling Jaya.

Encorp Strand Mall is another key component of the signature development at Encorp Strand targeted for completion in the first quarter of 2013. This unique mall is set to be one of the most talked about places in the city for its vibrant innovations. The French-inspired mall will be complemented by a modern rustic interior design that takes a leaf from nature to create harmony with its surroundings. This Mall is themed after an oasis in which the unique Encorp Experience will be showcased through its ambiance and design, overall experience and service levels, convenience features and product mix. It is no secret that Encorp aims to make Encorp Strand Mall as the 'Mall of Choice' for the 500,000 residents in the surrounding area.

Above Encorp Strand Mall sits the Residences where tenants stand to enjoy a lifestyle innovation offered by a host of integrated smart home features. Control from your iPod/iPad, e-broadcasting, lighting control and facility booking, a 3-tiered security system with guests screening and panic button are just some exciting features that Encorp hopes to create value. The Residences will also be a green building with rainwater harvesting for air-conditioning cooling and landscape watering and usage of low VOC paints to complement the green tinted glass to reduce heat transfer and electricity consumption. In short, the Residences is another demonstration of Encorp's innovative minds at work to develop an integrated lifestyle experience in a luxury mixed-development comprising a hybrid of serviced apartments and commercial components. This is complemented by a private promenade complete with luxurious landscaping and recreational amenities. Whether one chooses to relax at the swimming pool, doing yoga at the deck or stroll through the sky garden before hitting the gym, this is an ideal investment for those aspiring to enrich their quality of life.

More Innovations

Encorp Marina Puteri Harbour will be a high-end commercial and serviced apartment development at Iskandar Malaysia. Designed as 'villas in the sky', the iconic apartment tower of Encorp Marina Puteri

Harbour takes its architectural inspiration from Bali's terraced rice field decks. With it comes an offering of a unique luxurious lifestyle of exceptional waterfront living, dining and entertainment in a picture-postcard natural setting with a spectacular view of the marina and sea.

Encorp's property development at Batu Feringghi, Penang features 87 hillside villas. Again, innovation in design resulted in the decision to create an upscale Mediterranean hillside village concept with unobstructed views of the sea.

Encorp's maiden international property venture is The Residences on McCallum Lane, located in Perth, Australia. The 2-block 4-storey apartment development will see an ultra modern architectural design to maximise the project's stunning views of the immediate parkland and Perth city skyline from across the Swan River.

Going Further with Encorp's Distinct Capabilities: Innovation in Work Processes

In 2011, Encorp chose to inject innovation into its QSVS commitment and come up with Encorp's Seven Distinct Capabilities as a strategy and road-map for the future:

- Most exciting and **INNOVATIVE** concepts
- Unique ways in **ADDING VALUE**
- Deliver the highest **QUALITY** with the best technology and cost
- Excellent in meeting customer needs through world-class **CRM**
- Strong relationship and **CREDIBILITY** with the public sector
- Dedicated and committed **EMPLOYEES**

customer relationship management (CRM)

CRM is a widely implemented model for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organise, automate, and synchronise business processes—principally sales activities, but also those for marketing, customer service, and technical support.

We take CRM to the next level. We make sure that our customers are able to participate in the Encorp experience from the moment they are thinking of buying one of our products. From the simplest of things such as answering a telephone inquiry promptly and accurately, to planning the next amazing development we make sure we deliver the best possible service every stage of the process.

Corporate Social Responsibility

Encorp is committed to being a socially responsible and sustainable business. We see this as part of our vision to be a great company, as we believe that contributing to the welfare of communities, our workforce, the environment and our marketplace will create long-term value for us and for our stakeholders.

A New Roadmap for Sustainability

In 2011, Encorp embarked on a process to further develop our sustainability efforts and embed them into our business operations. Through a comprehensive stakeholder engagement process, internal gap analyses and benchmarks with international peers, we identified expectations from stakeholders, as well areas for improvement and leadership. This led to the development of a comprehensive sustainability roadmap with timelines and commitments addressing material issues within environment, workplace, community and marketplace.

Environment: Building Green Habitats

As a property developer, we have an impact on the environment throughout the property life cycle: - from the time of land acquisition, the design of the development, including the selection of fittings and material specs, the actual construction processes and finally the operational performance of the building over its life span. As a responsible developer, we will do our best within business constraints and in areas we have control over, to minimise the adverse effects on the environment to reduce our footprint.

Embedding Green Features

All our future developments will be designed with green features to facilitate our customer's demand for environmentally friendly living. These features will include as a minimum, Green Building Index (GBI) sanitary fittings, rain water harvesting, incorporation of heat reduction features such as orientation of buildings, use of low E glass and roof gardens. We have committed to obtaining GBI certification for two of our current office blocks under construction.

Minimising Construction Impacts

In November, Encorp Construct Sdn Bhd was certified to ISO 14001:2004. Best practice guidelines are followed on all our construction sites, with the installation of siltation traps around boundary drains, the minimisation of noise pollution, planting of (interim) grass on cleared sites to control erosion as well as ensuring the safe disposal of waste.

In all construction areas we make it common practice to ensure that water pipe leaks are repaired without delay to ensure minimisation of water loss, the reuse and recycling of construction material wherever possible and we ensure the equipment used is well maintained to meet proper emission standards and to reduce pollution.

Workplace: A Happy and Supportive Workplace

Our employees are key to the continued and sustained growth of our business. Our vision is to create a happy and supportive work environment through our values of being ethical, building relationships, facilitating learning and rewarding success.

We recognise the achievement of our employees with awards. We offer competitive employee benefits, which extends to their children through a scheme of awarding scholarships, an office gym to promote healthy lifestyles amongst our employees.

Facilitating Learning of Our Employees

We have an employee development programme to help drive our values. Comprehensive in-house training and development programmes were made available for all employees during the year. In 2011, we averaged 39 training hours per employee.

Engaging Our Employees

In 2010, an Employee Engagement survey conducted by Aon Hewitt identified a relatively low level of engagement among our staff. We have since conducted two internal surveys in June and December 2011 and the results have shown a dramatically increased level of engagement. This change in engagement level can be attributed partly to our effort to listen through our Way of Working (WOW) Wall which engages employees to contribute their ideas to us.

Zero Accidents

We are very aware of our responsibility in ensuring the safety of our workers on all our construction sites. We are pleased to report that we recorded zero incidents and accidents on our work sites this year. In November, Encorp Construct Sdn Bhd received certification in OHSAS 18001:2007 and MS 1722:2005.

Marketplace: Responsive and Accountable

Property development is an extremely competitive and saturated market. To stand out from the crowd requires us to respond faster to the needs and expectations of our stakeholders, be accountable of our processes, and deliver projects of unbeatable quality and value.

Extraordinary Customer Service

We implemented our Customer Relationship Management (CRM) to provide customers with an experience that is "Anything but Ordinary". We identified and created Encorp Signature Touch Points to create a unique and delightful experience which exceeds all expectations for our customers. Results of customer satisfaction surveys indicate high satisfaction for comfort, impression, staff response and attitude.

Delivering a Quality Product

We are committed to ensuring the highest quality of our homes and commercial buildings. As such all of our projects will attain QLASSIC 85 score. The Quality Assessment System in Construction (QLASSIC) is the Malaysian industry standard for measuring and evaluating the quality of workmanship of a construction work based on the relevant approved standards. QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system.

Promoting Sustainable Construction

We are registered with the Green Building Association to keep abreast on innovations of green building technology. This year we conducted in house training and awareness programmes on green products by manufacturers and communicated our commitment to using more green materials to our suppliers. We participated in the Malaysia Industrialised Building System (IBS) International Exhibition in April themed "IBS Integration for Green Technology" as part of our commitment to meet the growing demands for high-quality and affordable green housing.

We supported the Public Private Partnership (PPP) Workshop Series 2 "Bankable and Sustainable PPP Projects: Stakeholders' Meeting of Minds" which sought to address key aspects affecting the bankability of projects. We also organised a "Dialogue on the Transformation of Vocational Education" aimed at developing a technical and vocational curriculum that meets the needs of industry players.

Engaging Our Investors

We use a range of media channels to keep all interested parties abreast of corporate and financial news, products and services. We also communicate to shareholders and institutional investors our companies' policies, corporate governance and corporate social responsibility direction.

Community: Building in Harmony With Our Community

We seek to make a meaningful difference in the lives of people around us. Our community efforts in 2011 were targeted at:

Including Marginalised Segments of Society

- Celebrating Chinese New Year with senior citizens at Evergreen Retirement Home
- Donating RM100,000 to Yayasan DiRaja Sultan Mizan Zainal Abidin for charitable causes
- Participating in a charity run at Taman Metropolitan Kepong in support of the National Cancer Society Malaysia
- Organising a Ramadhan Breaking of Fast with orphanages from Pertubuhan Anak Yatim dan Miskin Al-Munirah

Participating in Disaster Relief

- Contributing RM500,000 towards rebuilding two earthquake-hit mosques in Padang – Masjid Raya Jambak and Masjid Ikur Koto

Development of Sports

- Sponsorship of RM5,000 towards the inaugural Malay College of Kuala Kangsar Premier 7's Rugby Tournament 2011. The seven-a-side rugby tournament, for premier schools in Malaysia aims to assist the development of rugby in Malaysia

- Sponsorship of tennis talents, sisters Elsa and Elysa Rahman with RM20,000 for tennis training and development

- Sponsorship of RM40,000 towards Malaysia's top male squash talent Mohd Azlan Iskandar

Contributing to a Thriving Arts and Culture Scene

- Sponsorship of RM93,000 'West End Stars in Concert' at Istana Budaya, Kuala Lumpur

- Sponsorship of RM110,000 'The Secret Life of Nora', a musical theater event at Istana Budaya, Kuala Lumpur

Education

- Contributed RM3,500 towards supporting the Ministry of Education's internal newsletter, Suara Kesatuan Sekerja Kakitangan Makmal

- Contributed computers and printers worth RM48,530 to the Projek Hati Nurani - Sekolah Dalam Hospital spearheaded by Yayasan Nurul Yaqeen and led by Deputy Prime's Minister's wife, YBhg Puan Sri Norainee. The project supports education of children who have to stay in hospitals for an extended period of time

- Contributed RM50,000 to help the underprivileged by way of a charity golf tournament organised by the Sekolah Sultan Alam Shah Parents and Teachers Association

Awards

In 2011, Encorp's achievements related to CSR were recognised with the following awards:

- Awards 2010. Encorp was one of 27 companies shortlisted from the 954 listed companies on Bursa Malaysia.

- Employer of Choice Award (Bronze), Malaysia HR Awards 2011. In recognition for attracting and retaining employees through excellent HR practices and systems.

- HR Leader of the Year Award (Silver), Malaysia HR Awards 2011 to our Chairman.

For more information and details of our sustainability initiatives, please see our 2011 Sustainability Report which is available on 21 June 2012 to download at **www.encorp.com.my** or contact our corporate office to obtain a printed copy.

cred·i·bil·i·ty *noun* \kre-də-ˈbi-lə-tē\

1: the quality or power of inspiring belief
2: capacity for belief

It is very simple, we deliver what we promise. By honouring our commitments every step of the way, we gain the trust of those who have experienced an Encorp product.

corporate governance

The interior and exterior of the Residences on McCallum Lane harmonise perfectly.

The Residences on McCallum Lane, Perth, Australia

Statement of Corporate Governance

The Board of Directors ("the Board") reaffirms its commitment to and supports the recommendations of the Malaysian Code on Corporate Governance ("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 Best Practices 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) Non-Executive Directors of whom four (4) are independent.

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

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.

In line with the recommendations stipulated in Part 2 of the Code, the Board appointed Dato' Chew Kong Seng @ Chew Kong Huat as the Senior Independent, Non-Executive Director to whom any concerns (of shareholders, management or others) can be conveyed.

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.

3. 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. This is in line with the Best Practices under Part 2 of the Code.

During the financial year under review, six (6) Board meetings, two (2) Extraordinary General Meetings and one (1) Annual General Meeting (AGM) were held. The summary of attendance of the Board meetings is as follows:

Name of Director	No. of Meetings Attended	Attendance (%)
Dato Sri Mohd Effendi bin Norwawi	5/6	83
Yeoh Soo Ann *(appointed on 3 October 2011)*	2/2	100
Efeida binti Mohd Effendi	4/6	67
Dato' Chew Kong Seng @ Chew Kong Huat	5/6	83
Datuk Fong Joo Chung	5/6	83
Datuk (Dr) Philip Ting Ding Ing	6/6	100
Dato' Marcus Kam Kok Fei	3/6	50
Datuk Dr Md Hamzah bin Md Kassim	5/6	83
Datuk Dr Zainal Aznam bin Mohd Yusof *(deceased on 30 April 2011)*	1/2	50
Datuk Ramli bin Shamsudin *(retired on 22 June 2011)*	3/3	100

4. Supply of Information

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

Board meetings are governed by a structured formal agenda for each meeting and the Company adopts the policy of circulating Board papers relating to the agenda to the Directors ahead of scheduled meetings. This ensures that Directors are given sufficient time to review and appraise the issues to be deliberated at the Board meetings.

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. In line with the recommendations of the Code, the Board adopted policies and procedures to be taken by a Director before he seeks such independent professional advice.

5. Duties and Responsibilities of the Board

The Board has full control over the businesses and affairs of the Company and the Group. Its primary responsibilities include:

- to review and approve the business plan and overall strategic directions;
- to review the adequacy and integrity of the Company's internal control systems and functions;
- to identify and manage principal risks areas affecting the Company; and
- to oversee the overall conduct of the Group's businesses.

6. Appointment and Re-Election 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.

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.

7. 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 *(appointed on 9 May 2011)*	Member	Non-Independent Non-Executive Director

In line with Part 2 of the Code, all members of the Audit Committee are Non-Executive Directors and two (2) meetings were held with the external auditors without the presence of Executive Board members 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 62 to 67.

b. Nomination Committee

The members of the Nomination Committee are:

Name	Designation	Directorship
Datuk (Dr) Philip Ting Ding Ing *(appointed on 9 May 2011)*	Chairman	Non-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 *(appointed on 9 June 2011)*	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 Part 2 of 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. 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 *(appointed on 9 June 2011)*	Member	Independent Non-Executive Director

8. 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:

- Bursa Sustainability Sessions for Directors;
- Ernst & Young: ETP Programme on Budget 2012;
- Bursa Assessing Risk and Control Environment;
- Ernst & Young: An Illustrative Guide on Financial for Banking Entities with Focus on FRS 7;
- Malaysian Institute of Accountants: XBRL: Shaping the Financial Landscape Worldwide – Are you ready; and
- Malaysian Accounting Standards Board & Malaysian Institute of Accountants: Comprehensive Overview of Standards.

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 2011 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries / Allowances & Other Emoluments	1,880,579	34,000
Fees	70,032	427,236
Defined contribution plan	133,758	-
Estimated money value of benefits-in-kind	108,938	-
Total	2,193,307	461,236

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

Range of Remuneration	Executive Directors	Non-Executive Directors
BELOW RM50,000	-	2
RM50,001 – RM150,000	-	2
RM150,001 – RM200,000	-	2
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, releases 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.

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 Internal Control is set out on page 68 to 69.

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 Auditors

Through the Audit Committee, the Group has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the laws and regulations. The external auditors also highlight 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

Utilisation of Proceeds

During the financial year, the Company issued RM65,706,060 nominal value of 5-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS"). The proceeds are intended to use for capital, project development and construction expenditures, working capital and issuance expenses of RCSLS. The salient features of the RCSLS are as disclosed in Note 29(f) to the financial statements.

The proceeds raised from corporate proposals in prior years have been fully utilised for the purpose of acquiring additional landbank for future development, as intended.

Share Buy-Back

As per the Record of Depositors as at 19 April 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.

Options, Warrants or Convertible Securities

RCSLS

During the financial year under review, the Company issued RM65,706,060 nominal value of 5-year 6% RCSLS and there were no RCSLS converted.

Warrants

During the financial year under review, the Company issued 32,853,030 warrants and there were no warrants exercised.

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 RM103,000 were incurred for services rendered to the Group for the financial year ended 31 December 2011.

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, had entered into a Joint Venture Agreement on 4 April 2007 with Indi Makmur Sdn Bhd and Lunarhati Sdn Bhd ("JV Agreement") 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.

The conditions precedent to the JV Agreement have yet to be met as at the date of this Report.

Risk Management

An effective risk management framework is essential in managing the diverse effect of uncertainty on objectives, whether positive or negative, faced by the Group. It involves the identification, assessment, and prioritisation of risks followed by a coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximise the realisation of opportunities. Encorp Berhad's Board of Directors has, through the Audit Committee ("AC"), established the risk management infrastructure to proactively control the risks of the Group.

The Group has its own Risk Management Department until May 2011 when it appointed a professional independent firm, Tricor Roots Consulting Sdn Bhd ("Tricor") to assist the Risk Management Committee ("RMC") in discharging its duties and responsibilities.

RMC reports to the AC on a quarterly basis in the AC meetings. The members of RMC are the Group Senior Management and head of departments of all functions. RMC meetings are held quarterly to carry out the corporate risk management process that include identifying particular events or circumstances relevant to the organisation's risks and opportunities; assessing them in terms of likelihood, magnitude of impact and control effectiveness; determining response strategies; and monitoring progress.

The RMC is also supported by the Risk Management Units ("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.

The risk management team constantly improves the design, implementation and maintenance of risk management processes throughout the organisation and benchmarks its framework against international standards like ISO 31000:2009. In principle, the Group complies with the international standards in relation to risk management functions.

Encorp Strand Red Carpet Avenue designed by Nicolas Ayoub

Audit Committee Report

The Board of Directors is pleased to present the report on the Audit Committee for the financial year ended 31 December 2011.

Membership

Members of the Audit Committee during the financial year ended 31 December 2011 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 Zainal Aznam bin Mohd Yusof *(deceased on 30 April 2011)*	Member	Independent Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing *(appointed on 9 May 2011)*	Member	Non-Independent Non-Executive Director

Meetings and Attendance

The Audit Committee met five (5) times during the financial year 2011 at the Board Room, Mezzanine Floor, Encorp Berhad, 45-G, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on the following dates:

Meeting No.	Date
1/2011	24 February 2011
2/2011	26 April 2011
3/2011	18 May 2011
4/2011	24 August 2011
5/2011	16 November 2011

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	5/5	100%
Datuk Fong Joo Chung	5/5	100%
Datuk Dr Zainal Aznam bin Mohd Yusof *(deceased on 30 April 2011)*	1/2	50%
Datuk (Dr) Philip Ting Ding Ing *(appointed on 9 May 2011)*	3/3	100%

The Group Chief Executive Officer, Chief Operating Officer, Finance General Manager, the Head of Internal Audit/Internal Audit Consultant, the Head of Risk Management/Risk Management Consultant and the representatives from the external 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 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:

- Bursa Sustainability Sessions for Directors;
- Ernst & Young: ETP Programme on Budget 2012;
- Bursa Assessing Risk and Control Environment;
- Ernst & Young: An Illustrative Guide on Financial for Banking Entities with Focus on FRS 7;
- Malaysian Institute of Accountants: XBRL: Shaping the Financial Landscape Worldwide – Are you ready; and
- Malaysian Accounting Standards Board & Malaysian Institute of Accountants: Comprehensive Overview of Standards.

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 2010, 31 March 2011, 30 June 2011 and 30 September 2011 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 2010 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/Risk Management Consultant.
- 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 Audit Department/Internal Audit Consultant 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 2011.
- Reviewed and approved the annual internal audit plan for 2012.
- Reviewed and approved the updated Internal Audit Charter.
- 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 its own Internal Audit Department ("IAD") until July 2011 when it outsourced its internal audit function to an independent professional firm, Tricor Roots Governance Sdn Bhd ("Tricor") to assist the Audit Committee in discharging its duties and responsibilities (IAD and Tricor are collectively defined as IA).

IA 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 2011, the major activities carried out by IA were as follows:

- Developed the annual internal audit plan and submitted that plan to the Audit Committee for review and approval.
- Updated Internal Audit Charter 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 both Management and the Audit Committee detailing audit issues and recommendations to overcome the deficiencies or to enhance controls.
- Conducted follow-up on previous audit issues to ensure that appropriate corrective actions were implemented.
- Issued internal audit quarterly activity report that summarised audit activities carried out, audit issues raised, status of corrective actions for previous findings and achievement of audit plan on a quarterly basis.
- Tabled and discussed the reported audit issues and corrective actions adopted by Management at Audit Committee meetings.
- Conduct risk based internal audit on a quarterly basis.

The costs incurred for the internal audit function for the financial year ended 31 December 2011 amounted to RM255,000.

Statement of Internal Control

The Board of Directors ("Board") acknowledges the importance of maintaining sound systems of internal controls and risk management practice towards achieving good corporate governance. The Board is pleased to set out below, its Statement on Internal Control which is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad and is guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

Board Responsibility

The Board affirms its overall responsibility in maintaining the Group's systems of internal controls and risk management and for reviewing the adequacy and integrity of these systems to safeguard shareholders' investments, customers' interest and the Group's assets. However, such systems are designed to manage rather than eliminate the risks that may impede the achievement of the Group's business objectives and as such only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks affecting the achievement of the Group's objectives. This process has been put in place for the year ended 31 December 2011 and is reviewed periodically by the Board through its Audit Committee which is supported by internal auditors and risk management function.

Enterprise Risk Management

The Risk Management Committee ("RMC") was established to assist the Audit Committee to oversee the overall management of principal areas of risk continuously. Its members comprise the Group's senior management and the head of departments. The RMC meets once in every quarter and reports subsequently to the Audit Committee.

The operations of the risk management are guided by the Enterprise Risk Management ("ERM") Framework which was approved by the Board in 2004. The Internal Audit Department plays an independent role in evaluating the effectiveness of the Group's ERM framework annually. Further information on Risk Management is provided on page 60 of this Annual Report.

Internal Audit

The Group has its own Internal Audit Department ("IAD") until July 2011 when it outsourced its internal audit function to an independent professional firm, Tricor Roots Governance Sdn Bhd ("Tricor") to conduct risk based internal audit on a quarterly basis (IAD and Tricor are collectively defined as IA). IA provides the Audit Committee with much of the assurance it requires regarding the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. IA conducts regular internal audit reviews based on the annual audit plan reviewed and approved by the Audit Committee. The remit of IA is determined by the Audit Committee and is documented in the Internal Audit Charter.

Monitoring Process by the Audit Committee

The processes used by the Audit Committee to review the adequacy and integrity of the systems of internal controls and risk management include:

- Review of and discussions on the enterprise risks identified by IA;
- Review of internal and external audit plans;
- Review internal audit reports that details the audit findings, the appropriate recommendations and action plans;
- Review external auditors report on any issues identified in the course of their work, including management letter point; and
- Review implementation status of action plans developed by IA to address control weaknesses.

Other Key Elements of Internal Control

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

- 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.
- Financial results are reviewed by the Audit Committee and the Board, on a quarterly basis.
- The annual budgets and business plan are prepared and presented to the Board for approval.

- Regular and comprehensive information is provided to 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.

- Policies and procedures manuals of most operating units are in place to guide staff in their work.

- Limits of Authority clearly define the lines of authority in making operational and commercial business decisions.

- Periodic internal and external quality audits are conducted to ensure compliance with the quality management system, the ISO 9001:2008.

- A systematic performance appraisal system for all levels of staff is in practice.

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

- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered.

- 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.

- Conduct risk based internal audit on a quarterly basis.

Conclusion

Based on the above, the Board is of the opinion that the systems of internal control and risk management in place are satisfactory and sufficient to safeguard all stakeholders' interest.

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 2011, the Directors have:

- adopted appropriate accounting policies and applied them consistently;

- used reasonable and prudent judgments and estimations;

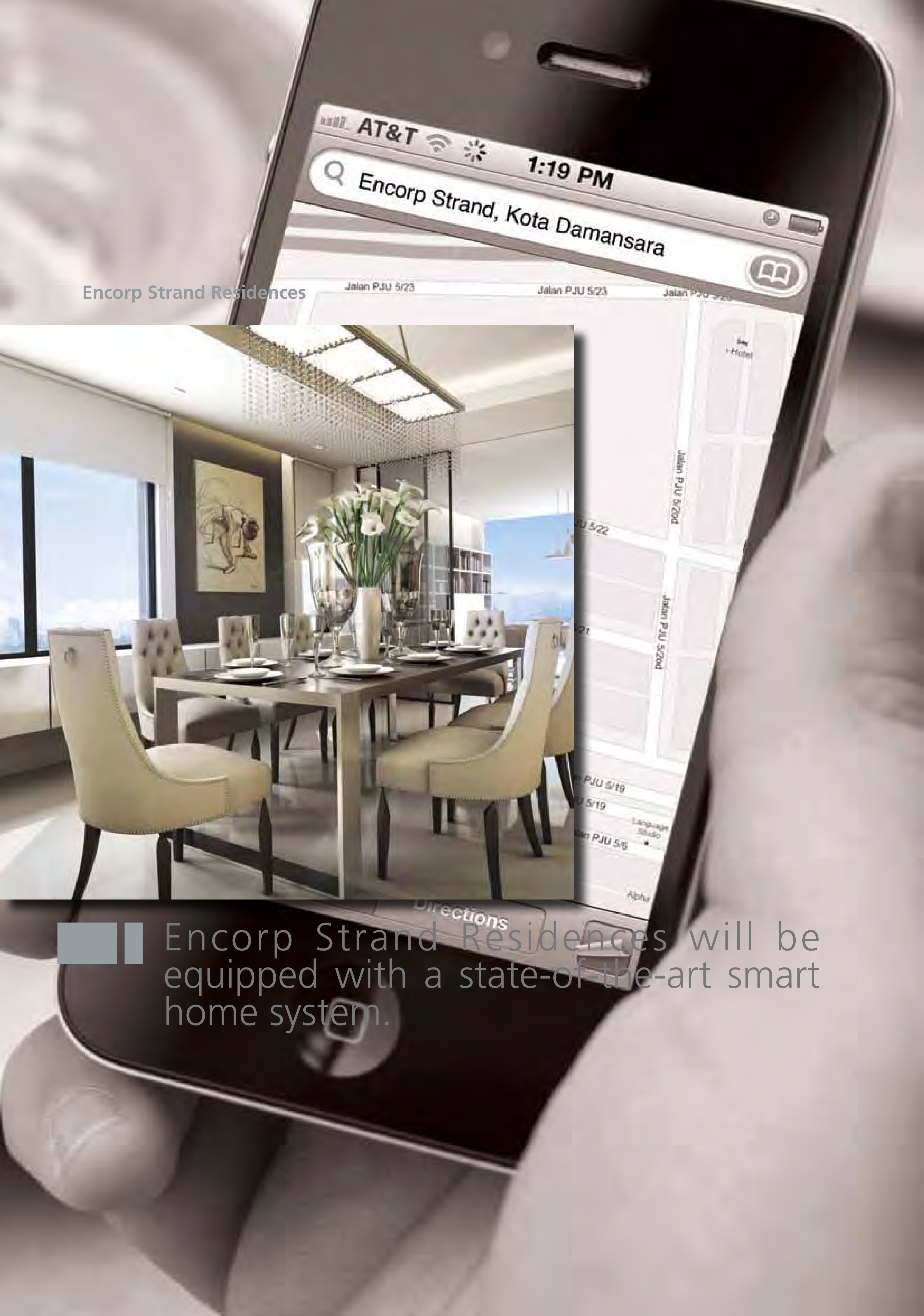
- ensured that applicable approved accounting standards and statutory requirements have been followed; and

- 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.

leadership



Encorp Strand Residences will be equipped with a state-of-the-art smart home system.

Board of Directors' Profile

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

Dato Sri Mohd Effendi (Malaysian, aged 64) 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 Bachelor of Arts (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 as 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 39) 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 51) 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. Yeoh is currently a Director of GW Plastics Holdings Berhad and Great Wall Plastic Industries 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
Non-Independent Non-Executive Director
Chairman of the Nomination Committee
Member of the Audit Committee

Datuk Philip Ting (Malaysian, aged 60) 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 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 74) 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, Petronas Dagangan Berhad, Aeon Co (M) Berhad, GuocoLand (Malaysia) Berhad, PBA Holdings Berhad, Great Wall Plastic Industries 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 63) 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.

He 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 and Permodalan Assar Sdn Bhd. He sits as a Chairman in Universal Cable (Sarawak) 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 48) 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 20,000 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 64) 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.

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 Datuk Dr Md Hamzah 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 Operational Review Panel of the Malaysian Anti-Corruption Commission (MACC), Advisory Council of the National Higher Education Entrepreneurship Council (NHEEC) and University of Kelantan Industry Advisory Board.

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.

Management Team

Mohd Ibrahim Masrukin
Chief Operating Officer

Mohd Fairuz Hj Abdullah
Group Director, Business Development - Special Project

Eric Chew
Head of Property

Lee Lay Hong
General Manager, Legal and Corporate Services

Steven Hooi
Director - nstruction

Tam Yet Shyan
General Manager, Finance

financials

At Encorp we use innovative methods to make sure our products are in balance with our surroundings.

Encorp Cahaya Alam

Encorp Strand Mall

We constantly search for new sources of inspiration which allow us to imagine and create new and unique products.

contents

Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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/(loss) net of tax	29,963,257	(6,870,526)
Profit/(loss) attributable to:		
Owners of parent	24,568,668	(6,870,526)
Non-controlling interest	5,394,589	-
	29,963,257	(6,870,526)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effect arising from the reversal of over provision of income tax expense and tax penalty of the subsidiaries which have resulted in an increase in the Group's profit for the year by RM24,966,051 as disclosed in Note 3.2(d) to the financial statements.

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	(appointed on 3 October 2011)
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	
Datuk Ramli bin Shamsudin	(retired on 22 June 2011)
Datuk Dr Zainal Aznam bin Mohd Yusof	(deceased on 30 April 2011)

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 11 and 17 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

Directors' 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			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
(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

Directors' Interest (contd.)

	Number of Ordinary Shares of RM1 Each			
	1.1.2011	Acquired	Sold	31.12.2011
(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 of RM1 Each			
	1.1.2011	Acquired	Sold	31.12.2011
(a) Direct Interest in Shares of the Company:				
Datuk (Dr) Ting Ding Ing	-	569,500	-	569,500
Dato' Kam Kok Fei	-	5,000	-	5,000
(b) Deemed Interest in Shares 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			
	1.1.2011	Entitled	Sold	31.12.2011
(a) Direct Interest in Shares of the Company:				
Datuk (Dr) Ting Ding Ing	-	284,750	-	284,750
Dato' Kam Kok Fei	-	2,500	-	2,500
(b) Deemed Interest in Shares 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 persons connected to her.

Directors' Interest (contd.)

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

Issue of Shares

During the financial year, the Company increased its authorised ordinary share capital from RM300,000,000 to RM500,000,000 through the creation of 200,000,000 ordinary shares of RM1 each.

Treasury Shares

As at 31 December 2011, 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 31(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 provision for doubtful debts and satisfied themselves that there were no known bad debts and no provision for doubtful debts was necessary; and

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

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

    (i) it necessary to write off bad debts or to make a provision for doubtful debts in respect of the financial statements of the Group and of the Company; 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.

Other Statutory Information (contd.)

(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

The significant events are disclosed in Notes 18 and 29 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 19 and 40 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 25 April 2012.

Dato Sri Mohd Effendi bin Norwawi

Efeida binti Mohd Effendi

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

We, Dato Sri Mohd Effendi bin Norwawi and Efeida binti Mohd Effendi, being the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 92 to 202 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 2011 and of their financial performance and cash flows for the year then ended.

Supplementary information – breakdown of retained profits into realised and unrealised

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, as above, the information set out in Note 41 on page 203 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 25 April 2012.

Dato Sri Mohd Effendi bin Norwawi

Efeida binti Mohd Effendi

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 92 to 203 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 Kuala Lumpur in the Federal
Territory on 25 April 2012

Tam Yet Shyan

Before me,

R. Vasugi Ammal, PJK (W480)
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 2011 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 92 to 202.

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 2011 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 a subsidiary 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 41 on page 203 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
25 April 2012

Statements of Comprehensive Income
For the Year Ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	4	289,927,264	269,711,708	59,113,930	55,953,097
Cost of sales	5	(135,642,910)	(127,173,852)	(48,994,034)	(35,108,055)
Gross Profit		154,284,354	142,537,856	10,119,896	20,845,042
Other Items of Income					
Interest income	6	789,889	584,801	2,333,688	199,598
Distribution from Fixed Maturity Fund		3,928,797	2,722,114	-	-
Other income	7	5,376,156	1,189,040	17,904	1,816,073
Other Items of Expense					
Marketing and distribution		(11,281,361)	(2,289,692)	-	-
Administrative expenses		(27,562,298)	(22,037,516)	(14,178,123)	(11,268,525)
Finance costs	8	(104,650,170)	(101,608,745)	(4,414,979)	(189,309)
Other expenses		(8,786,276)	(7,446,202)	(1,013,257)	(661,653)
Profit/(loss) before tax	9	12,099,091	13,651,656	(7,134,871)	10,741,226
Income tax benefit/(expense)	12	17,864,166	(2,597,958)	264,345	-
Profit/(loss) net of tax		29,963,257	11,053,698	(6,870,526)	10,741,226
Other Comprehensive Income					
Foreign currency translation, net of tax of RMnil (2010: RMnil)		26,604	1,714,809	-	-
Total Comprehensive Income for the Year		29,989,861	12,768,507	(6,870,526)	10,741,226
Profit/(Loss) Attributable to:					
Owners of the parent		24,568,668	7,486,120	(6,870,526)	10,741,226
Non-controlling interest		5,394,589	3,567,578	-	-
		29,963,257	11,053,698	(6,870,526)	10,741,226

Statements of Comprehensive Income
For the Year Ended 31 December 2011 (contd.)

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
Total Comprehensive Income Attributable to:					
Owners of the parent		24,595,272	9,200,929	(6,870,526)	10,741,226
Non-controlling interest		5,394,589	3,567,578	-	-
		29,989,861	12,768,507	(6,870,526)	10,741,226
Earnings Per Share Attributable to Owners of the Parent (sen per share)					
Basic	13	11.26	3.46		
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 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Assets					
Non-Current Assets					
Property, plant and equipment	15	12,222,230	6,504,731	10,154,561	5,590,892
Intangible assets	16	111,059,109	118,579,509	1,046,472	1,316,645
Land held for property development	17(a)	32,062,256	32,062,256	-	-
Investment in subsidiaries	18	-	-	295,960,308	295,960,308
Trade receivables	19	1,063,116,523	1,091,986,075	-	-
Deferred tax assets	20	1,653,029	593,738	-	-
		1,220,113,147	1,249,726,309	307,161,341	302,867,845
Current Assets					
Property development costs	17(b)	223,092,108	174,552,772	-	-
Inventories	21	44,615,234	35,012,029	-	-
Tax recoverable		514,320	4,021,345	60,000	671,637
Trade and other receivables	19	81,602,357	100,541,306	111,856,677	85,065,035
Other current assets	22	48,972,491	55,961,376	151,317	480,851
Short term investment	24	118,073,739	95,815,251	-	-
Cash and bank balances	25	30,927,217	39,097,059	5,924,605	12,344,654
Non-current assets held for sale	26	-	2,949,052	-	-
		547,797,466	507,950,190	117,992,599	98,562,177
Total Assets		1,767,910,613	1,757,676,499	425,153,940	401,430,022

Statements of Financial Position
As at 31 December 2011 (contd.)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Equity and Liabilities					
Current Liabilities					
Trade and other payables	27	112,146,523	190,230,589	35,812,468	51,712,459
Other current liabilities	28	6,544,395	12,242,695	34,646	41,722
Loans and borrowings	29	97,574,597	62,159,999	1,651,465	21,108,156
Income tax payable		1,943,281	2,721,768	-	-
		218,208,796	267,355,051	37,498,579	72,862,337
Net Current Assets		329,588,670	240,595,139	80,494,020	25,699,840
Non-Current Liabilities					
Trade payables	27	30,307,905	29,438,252	-	-
Loans and borrowings	29	1,131,144,018	1,113,745,409	61,695,838	770,967
Deferred tax liabilities	20	8,451,721	870,440	1,617,456	-
		1,169,903,644	1,144,054,101	63,313,294	770,967
Total Liabilities		1,388,112,440	1,411,409,152	100,811,873	73,633,304
Net Assets		379,798,173	346,267,347	324,342,067	327,796,718
Equity Attributable to Owners of the Parent					
Share capital	31	223,508,536	223,508,536	223,508,536	223,508,536
Treasury shares	31	(4,559,005)	(4,559,005)	(4,559,005)	(4,559,005)
Share premium	31	102,434,688	104,574,219	102,434,688	104,574,219
Other reserves	32	7,296,819	1,714,809	5,555,406	-
Retained earnings/ (accumulated losses)	33	18,873,856	(5,694,812)	(2,597,558)	4,272,968
		347,554,894	319,543,747	324,342,067	327,796,718
Non-controlling interest		32,243,279	26,723,600	-	-
Total Equity		379,798,173	346,267,347	324,342,067	327,796,718
Total Equity and Liabilities		1,767,910,613	1,757,676,499	425,153,940	401,430,022

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 2011

	Note	Equity, Total	Equity Attributable to Owners of the Parent, Total	Share Capital	Share Premium	Treasury Shares	Other Reserves, Total	Warrant Reserve	Equity Component of RCSLS	Foreign Currency Translation Reserve	Distributable (Accumulated Losses)/ Retained Earnings	Non-Controlling Interest
			Attributable to Owners of the Parent									
				Non-Distributable							Distributable	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	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")	32	5,555,406	5,555,406	-	-	-	5,555,406	4,681,557	873,849	-	-	-
Issuance of RCSLS expenses	31	(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

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2011 (contd.)

		Attributable to Owners of the Parent									Distributable	
				Non-Distributable							Distributable	
	Note	Equity, Total	Equity Attributable to Owners of the Parent, Total	Share Capital	Share Premium	Treasury Shares	Other Reserves, Total	Warrant Reserve	Equity Component of RCSLS	Foreign Currency Translation Reserve	Accumulated Losses	Non-Controlling Interest
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2010		341,309,619	313,428,597	223,508,536	103,563,392	(8,663,797)	-	-	-	-	(4,979,534)	27,881,022
Effects of adopting FRS 139		2,704,729	2,704,729	-	-	-	-	-	-	-	2,704,729	-
		344,014,348	316,133,326	223,508,536	103,563,392	(8,663,797)	-	-	-	-	(2,274,805)	27,881,022
Total comprehensive income		12,768,507	9,200,929	-	-	-	1,714,809	-	-	1,714,809	7,486,120	3,567,578
Transactions With Owners												
Dividends on ordinary shares	14	(10,906,127)	(10,906,127)	-	-	-	-	-	-	-	(10,906,127)	-
Dividends paid by a subsidiary		(4,725,000)	-	-	-	-	-	-		-	-	(4,725,000)
Purchase of treasury shares	31	(163,032)	(163,032)	-	-	(163,032)	-	-	-	-	-	-
Treasury shares reissued to open market	31	5,278,651	5,278,651	-	-	5,278,651	-	-	-	-	-	-
Gain on reissue of treasury shares transferred to share premium reserve	31	-	-	-	1,010,827	(1,010,827)	-	-	-	-	-	-
Total transactions with owners		(10,515,508)	(5,790,508)	-	1,010,827	4,104,792	-	-	-	-	(10,906,127)	(4,725,000)
At 31 December 2010		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

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 2011

	Note	Equity, Total	Share Capital	Share Premium	Treasury Shares	Other Reserves, Total	Warrant Reserves	Equity Component of RCSLS	Distributable Retained Earnings (Note 33)
			Non-Distributable						
		RM	RM	RM	RM	RM	RM	RM	RM
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")	32	5,555,406	-	-	-	5,555,406	4,681,557	873,849	-
Issuance of RCSLS expenses	31	(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)
At 1 January 2010		322,846,000	223,508,536	103,563,392	(8,663,797)	-	-	-	4,437,869
Total comprehensive income		10,741,226	-	-	-	-	-	-	10,741,226
Transactions With Owners									
Dividends on ordinary shares	14	(10,906,127)	-	-	-	-	-	-	(10,906,127)
Purchase of treasury shares	31	(163,032)	-	-	(163,032)	-	-	-	-
Treasury shares reissued to open market		5,278,651	-	-	5,278,651	-	-	-	-
Gain on reissue of treasury shares transferred to share premium reserve		-	-	1,010,827	(1,010,827)	-	-	-	-
Total transactions with owners		(5,790,508)	-	1,010,827	4,104,792	-	-	-	(10,906,127)
At 31 December 2010		327,796,718	223,508,536	104,574,219	(4,559,005)		-	-	4,272,968

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 2011

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Operating Activities				
Profit/(loss) before tax	12,099,091	13,651,656	(7,134,871)	10,741,226
Adjustments for:				
Depreciation	1,173,830	1,153,932	732,894	582,400
Amortisation of intangible assets	352,567	100,601	280,363	79,253
Interest expense	104,650,170	101,608,745	4,414,979	189,309
Distribution income from Fixed Maturity Fund	(3,928,797)	(2,722,114)	-	-
Loss/(gain) on disposal of short term investment	336,306	(75,999)	-	-
Interest income	(789,889)	(584,801)	(2,333,688)	(199,598)
Provision for short term accumulating compensated absences	-	23,257	-	-
(Reversal)/provision for liquidated ascertained damages	(64,575)	8,125	-	-
Net (gain)/loss on disposal of property, plant and equipment	(8,829)	13,627	(17,904)	-
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	7,259,879	6,191,669	-	-
Reversal of provision for tax penalty	(1,884,513)	-	-	-
Unrealised foreign exchange gain	-	-	-	(1,816,073)
Finance income - other liabilities at amortised costs	(2,333,399)	(127,503)	-	-
Waiver of debts	-	(372,934)	-	-
Bad debts written off	-	788,664	-	-
Total adjustments	103,821,847	106,005,269	3,076,644	(1,164,709)
Operating cash flows before working capital changes carried forward	115,920,938	119,656,925	(4,058,227)	9,576,517

Statements of Cash Flows
For the Year Ended 31 December 2011 (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Operating Activities (contd.)				
Operating cash flows before working capital changes brought forward	115,920,938	119,656,925	(4,058,227)	9,576,517
Changes in working capital:				
Development expenditure	(48,539,336)	582,429	-	-
Inventories	(9,603,205)	(34,596,092)	-	-
Trade and other receivables	48,199,306	8,713,335	4,348,274	(9,804,734)
Other current assets	6,988,885	(11,144,320)	329,534	(366,954)
Corporate shareholder and affiliated company	(21,215,132)	9,086,769	(4,103,846)	9,088,524
Trade and other payables	(30,060,840)	17,193,130	(353,379)	13,024,328
Other current liabilities	(5,698,300)	7,065,076	(7,076)	(35,104)
Subsidiaries	-	-	(42,582,682)	(31,251,255)
Total changes in working capital	(59,928,622)	(3,099,673)	(42,369,175)	(19,345,195)
Cash generated from/(used in) operations	55,992,316	116,557,252	(46,427,402)	(9,768,678)
Interest paid	(1,727,936)	(717,861)	(322,766)	(189,309)
Income taxes recoverable/(paid)	2,105,165	(2,261,634)	641,637	(30,000)
Net cash flow generated from/ (used in) operating activities	56,369,545	113,577,757	(46,108,531)	(9,987,987)
Investing Activities				
Purchase of property, plant and equipment (Note a)	(5,262,272)	(3,244,658)	(4,320,450)	(1,287,319)
Purchase of intangible assets (Note a)	(92,046)	(505,977)	(10,190)	(441,932)
Proceeds from disposal of property, plant and equipment	141,793	136,334	141,791	-
Proceeds from disposal of non-current asset held for sale	3,517,245	-	-	-
Investment in short term funds	(22,594,794)	(9,368,481)	-	-
Interest received	789,889	584,801	2,333,688	199,598
Net cash inflow from acquisition of subsidiaries	125,090	-	-	-
Investment in subsidiary	-	-	-	(308)
Distribution income	3,928,797	2,722,114	-	-
Net cash flow used in investing activities	(19,446,298)	(9,675,867)	(1,855,161)	(1,529,961)

Statements of Cash Flows
For the Year Ended 31 December 2011 (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Financing Activities				
Redemption of Al-Bai Bithaman Ajil Notes ("ABBA Notes")	(128,000,000)	(127,957,807)	-	-
Dividends paid to:				
- shareholders of the Company	-	(10,906,127)	-	(10,906,127)
- non-controlling interest of a subsidiary	-	- (4,725,000)	-	-
Withdrawal/(placement) of deposits pledged	9,632,858	(200,734)	2,769,418	2,514,857
Purchase of treasury shares	-	(163,032)	-	(163,032)
Proceed from re-issuance of treasury shares	-	5,278,651	-	5,278,651
Proceeds from/(repayment of) loans and borrowings	22,872,025	36,351,450	(18,421,427)	20,500,000
Proceeds from issuance of RCSLS	65,706,060	-	65,706,060	-
Payment of RCSLS coupon	(2,956,773)	-	(2,956,773)	-
Issuance of RCSLS expenses	(2,139,531)	-	(2,139,531)	-
Net repayment of finance lease payables	(769,056)	(145,060)	(506,402)	(114,429)
Net repayment of hire purchase payables	(183,357)	(315,871)	(138,284)	(215,609)
Net cash flow (used in)/generated from financing activities	(35,837,774)	(102,783,530)	44,313,061	16,894,311
Net Increase/(Decrease) in Cash and Cash Equivalents	1,085,473	1,118,360	(3,650,631)	5,376,363
Effect of exchange rate changes on cash and cash equivalents	26,888	1,714,989	-	-
Cash and Cash Equivalents at Beginning of Year	10,778,605	7,945,256	7,232,982	1,856,619
Cash and Cash Equivalents at End of Year (Note 25)	11,890,966	10,778,605	3,582,351	7,232,982

Statements of Cash Flows
For the Year Ended 31 December 2011 (contd.)

(a) Property, Plant and Equipment, and Intangible Assets Were Acquired by Way of the Following Means:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash	5,354,318	3,750,635	4,330,640	1,729,251
Accruals	-	-	-	1,847,481
Hire purchase	1,240,000	480,000	1,100,000	318,000
Other finance lease	540,400	1,289,918	-	1,033,738
	7,134,718	5,520,553	5,430,640	4,928,470

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 2011 were authorised for issue in accordance with a resolution of the directors on 25 April 2012.

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 2011 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis.

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 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

Description	Effective for Annual Periods Beginning on or After
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2010
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2010
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2010
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2010
Improvements to FRS issued in 2010	

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>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

2. Summary of Significant Accounting Policies (contd.)

2.2 Changes in Accounting Policies (contd.)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements (contd.)

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 36. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 37.

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments to FRS 5 requires that when a subsidiary is held for sale, all its assets and liabilities shall be classified as held for sale under FRS 5, even when the Group will retain a non-controlling interest in the subsidiary after the sale.

2. Summary of Significant Accounting Policies (contd.)

2.3 Standard Issued But Not Yet Effective

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
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
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
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 132: Offsetting Financial Assets and Financial Liabilities	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 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.)

2.3 Standard Issued But Not Yet Effective (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.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

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.

FRS 9 Financial Instruments

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.

FRS 10 Consolidated financial statements

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 Groups 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.

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 2013. 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 2011 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 2013.

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.

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. Summary of Significant Accounting Policies (contd.)

2.5 Transactions with Non-Controlling Interest

Non-controlling interest 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 interest 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.

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.

2. Summary of Significant Accounting Policies (contd.)

2.6 Foreign Currency (contd.)

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, and Depreciation

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

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

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

	%
Commercial office space	2
Motor vehicles	20
Office equipment, furniture and fittings	10 - 20
Office renovation	10
Crockery, cutlery and glassware	10
Plant and machinery	10 - 20

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.

2. Summary of Significant Accounting Policies (contd.)

2.7 Property, Plant and Equipment, and Depreciation (contd.)

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.

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.

2. Summary of Significant Accounting Policies (contd.)

2.8 Intangible Assets (contd.)

b) Other Intangible Assets

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

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

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

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

Computer Software

Software costs, considered to have finite useful lives, are stated at cost less any impairment losses and amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 5 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

2. Summary of Significant Accounting Policies (contd.)

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.

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. Summary of Significant Accounting Policies (contd.)

2.11 Affiliated Companies

Affiliated companies include:

(i) Companies related 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.

(ii) Perbadanan Kemajuan Negeri Selangor ("PKNS"), a corporate shareholder of a subsidiary of the Company.

2.12 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, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

2. Summary of Significant Accounting Policies (contd.)

2.12 Financial Assets (contd.)

b) Loans and Receivables

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

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

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

c) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

2. Summary of Significant Accounting Policies (contd.)

2.12 Financial Assets (contd.)

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

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

2.13 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.

a) 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.

2. Summary of Significant Accounting Policies (contd.)

2.13 Impairment of Financial Assets (contd.)

a) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost (contd.)

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.

b) Unquoted Equity Securities Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-Sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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 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.

2.17 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. Summary of Significant Accounting Policies (contd.)

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle to obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.19 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of Significant Accounting Policies (contd.)

2.19 Financial Liabilities (contd.)

b) 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.

2.20 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. Summary of Significant Accounting Policies (contd.)

2.21 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.

2.22 Leases

a) As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(i).

2. Summary of Significant Accounting Policies (contd.)

2.23 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.

2.24 Revenue

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

a) Sale of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.15(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 and Services

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.

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.

2. Summary of Significant Accounting Policies (contd.)

2.24 Revenue (contd.)

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 Fixed Maturity Fund is recognised when the Group's received the distribution voucher from the short term investment.

g) Dividend Income

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

h) Management Fee

Management fees are recognised when services are rendered.

i) Rental Income

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

2.25 Income Taxes

a) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of Significant Accounting Policies (contd.)

2.25 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.)

2.25 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.

2.26 Redeemable Convertible Secured Loan Stocks ("RCSLS")

The RCSLS are regarded as compound instruments, consisting of a liability component and an equity component. The component of RCSLS that exhibits characteristics of a liability is recognised as a financial liability in the statement of financial position. 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 financial liabilities set out in Note 2.19.

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

2.27 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of Significant Accounting Policies (contd.)

2.28 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group 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.

2.29 Treasury Shares

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

2.30 Contingencies

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

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

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:

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.

The carrying amount of goodwill as at 31 December 2011 is RM109,704,108 (2010: RM116,963,987).

3. Significant Accounting Judgements and Estimates (contd.)

3.2 Key Sources of Estimation Uncertainty (contd.)

(b) Property Development

The Group recognises property development revenue and expenses in the 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 estimated total property development costs.

Significant estimation is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development cost. In making the estimation, the Group evaluates by relying on the work of engineers, quantity surveyors and architects.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 17. A 10% difference in the estimated total property development revenue or costs would result in approximately 3% (2010: 1%) variance in the Group's revenue and 4% (2010: 2%) variance in the Group's cost of sales.

(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.

3. Significant Accounting Judgements and Estimates (contd.)

3.2 Key Sources of Estimation Uncertainty (contd.)

(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 Inland Revenue Board ("IRB") was in an on-going discussion with the management of certain subsidiaries of the Company surrounding the following matters:

(i) the basis of determining taxable income arising from revenue recorded by one subsidiary and its related tax treatment of annuity concession income, concession expenditure and finance cost on the ABBA Notes; and

(ii) the tax penalty rate imposed on late payment of taxes of another subsidiary.

During the financial year, IRB has finalised their discussion with the management of the subsidiaries surrounding the above matters. Based on the outcome of the discussion, the Group has reversed the over provision of income tax expense and tax penalty amounting to RM24,966,051.

(e) Provision for Liquidated Ascertained Damages

The provision for liquidated ascertained damages is recognised for expected liquidated ascertained damages claims based on the terms and expected date of hand over of the properties to the purchasers as stipulated in the applicable sale and purchase agreements.

Significant judgement is required in determining the expected date of hand over of the properties. In making the estimation, the Group evaluates by relying on the work of the engineers, quantity surveyors and architects.

(f) 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Concession income	110,624,273	113,100,877	-	-
Sale of properties	89,050,327	44,311,361	-	-
Construction contracts revenue	87,494,284	102,428,636	49,993,930	35,808,097
Sale of goods and services	2,758,380	9,870,834	-	-
Dividend income from subsidiaries	-	-	-	11,025,000
Management fees from subsidiaries	-	-	9,120,000	9,120,000
	289,927,264	269,711,708	59,113,930	55,953,097

5. Cost of Sales

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Property development costs (Note 17(b))	50,970,400	22,081,784	-	-
Construction contracts costs	82,235,566	95,464,861	48,994,034	35,108,055
Cost of goods and services sold	2,436,944	9,627,207	-	-
	135,642,910	127,173,852	48,994,034	35,108,055

6. Interest Income

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest income from:				
Loans and receivables	789,889	584,801	2,333,688	199,598

7. Other Income

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Gain on disposal of short term investment	-	75,999	-	-
Waiver of debts	-	372,934	-	-
Rental income	15,540	-	-	-
Reversal of provision of tax penalty	1,884,513	-	-	-
Gain on disposal of non-current asset held for sale (Note 26)	958,998	-	-	-
Gain on disposal of property, plant and equipment	17,904	-	17,904	-
Net unrealised foreign exchange gain	-	-	-	1,816,073
Finance income - other liabilities at amortised costs*	2,333,399	127,503	-	-
Miscellaneous	165,802	612,604	-	-
	5,376,156	1,189,040	17,904	1,816,073

* 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. Finance Costs

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Interest expense on:				
- ABBA Notes	97,328,247	99,687,928	-	-
- hire purchase payables	41,431	30,390	30,802	17,849
- obligations under finance leases	81,970	22,445	52,150	18,474
- bank credit facilities, bank loans and bank overdraft	1,604,535	665,026	239,814	152,986
- trade payables	625,629	1,014,753	-	-
- property, plant and equipment (Note 15)	12,221	-	12,221	-
- RCSLS coupon (Note 29(f))	4,092,213	-	4,092,213	-
Unwinding of discount on other liabilities at amortised costs*	1,501,774	1,202,956	-	-
	105,288,020	102,623,498	4,427,200	189,309
Less:				
- Interest capitalised in property development cost Note (17(b))	(625,629)	(1,014,753)	-	-
- Interest capitalised in property, plant and equipment (Note 15)	(12,221)	-	(12,221)	-
Total finance costs	104,650,170	101,608,745	4,414,979	189,309

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

9. Profit/(Loss) Before Tax

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Employee benefits expense (Note 10)	16,318,768	10,376,223	8,794,693	7,677,383
Non-executive directors' remuneration (Note 11)	503,736	349,000	461,236	305,500
Auditors' remuneration:				
-statutory audits				
-current year	166,752	142,136	50,000	52,900
-under provision in prior year	28,505	-	6,600	-
-other services	14,000	5,000	5,000	5,000
Depreciation of property, plant and equipment (Note 15)	1,173,830	1,153,932	732,894	582,400
Amortisation of intangible assets (Note 16)	352,567	100,601	280,363	79,253
Impairment of goodwill on consolidation (Note 16)	7,259,879	6,191,669	-	-
Rental of premises	70,999	62,239	228,000	228,000
Rental of equipment	214,623	55,436	60,357	26,873
Bad debts written off	-	788,664	-	-
Provision for short term accumulating compensated absences (Note 27(f))	-	23,257	-	-
Loss on disposal of short term investment	336,306	-	-	-
Loss on disposal of property, plant and equipment	9,075	13,627	-	-
Write off of property, plant and equipment	18,095	-	-	-
(Reversal)/provision for liquidated ascertained damages (Note 27(g))	(64,575)	8,125	-	-

10. Employee Benefits Expense

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Wages and salaries	13,536,694	8,724,506	7,373,578	6,530,078
Social security contributions	64,222	37,794	30,401	26,420
Contributions to - defined contribution plan	1,366,873	936,916	709,984	705,888
Provision of short term accumulating compensated absences (Note 27(f))	-	23,257	-	-
Other benefits	1,350,979	653,750	680,730	414,997
	16,318,768	10,376,223	8,794,693	7,677,383

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,723,928 (2010: RM3,209,694) and RM2,084,369 (2010: RM2,804,497) respectively as further disclosed in Note 11.

11. 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	2,520,138	2,870,704	1,880,579	2,508,803
Fees	70,032	90,000	70,032	90,000
Defined contribution plan	133,758	248,990	133,758	205,694
Total executive directors' remuneration (excluding benefits-in-kind)(Note 10)	2,723,928	3,209,694	2,084,369	2,804,497
Estimated money value of benefits-in-kind	108,938	184,167	108,938	158,005
Total executive directors' remuneration (including benefits-in-kind)	2,832,866	3,393,861	2,193,307	2,962,502
Non-executive:				
Fees	467,236	319,000	427,236	279,000
Allowances and other emoluments	36,500	30,000	34,000	26,500
Total non-executive directors' remuneration	503,736	349,000	461,236	305,500
Total directors' remuneration	3,336,602	3,742,861	2,654,543	3,268,002

11. Directors' Remuneration (contd.)

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

	Number of Directors	
	2011	2010
Executive Directors:		
RM50,001 - RM100,000	-	1
RM200,001 - RM250,000	1	2
RM250,001 - RM300,000	1	-
RM 800,001 - RM850,000	-	1
RM 1,450,001 - RM1,500,000	-	1
RM 1,700,001 - RM1,750,000	1	-
Non-Executive Directors:		
< RM50,000	2	2
RM50,001 - RM100,000	2	4
RM150,001 - RM200,000	2	-

12. Income Tax (Benefit)/Expense

Major components of income tax (benefit)/expense

The major components of income tax (benefit)/expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Statements of Comprehensive Income:				
Current income tax:				
Malaysian income tax	6,613,250	1,926,202	-	30,000
Over provision in respect of previous years	(29,147,605)	(2,339,778)	(30,000)	(30,000)
	(22,534,355)	(413,576)	(30,000)	-
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	1,582,893	2,975,993	(234,345)	-
Under provision in respect of previous years	3,087,296	35,541	-	-
	4,670,189	3,011,534	(234,345)	-
Income tax (benefit)/expense recognised in profit or loss	(17,864,166)	2,597,958	(264,345)	-

12. Income Tax (Benefit)/Expense (contd.)

Reconciliation between tax (benefit)/expense and accounting profit

The reconciliation of income tax (benefit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Profit/(loss) before tax	12,099,091	13,651,656	(7,134,871)	10,741,226
Tax at Malaysian statutory tax rate				
of 25% (2010: 25%)	3,024,773	3,412,914	(1,783,718)	2,685,307
Different tax rates in other countries	(123,063)	(34,036)	-	-
Adjustments:				
Non-deductible expenses	6,566,240	4,855,795	1,320,671	559,152
Income not subject to taxation	(1,865,674)	(731,403)	-	(2,756,250)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(56,474)	(2,824,859)	(54,247)	(458,209)
Deferred tax assets not recognised during the year	650,341	223,784	282,949	-
(Over)/under provision of income tax in respect of previous years				
- current taxation	(29,147,605)	(2,339,778)	(30,000)	(30,000)
- deferred tax	3,087,296	35,541	-	-
Income tax (benefit)/expense recognised in profit or loss	(17,864,166)	2,597,958	(264,345)	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Tax savings during the financial year arising from:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Utilisation of current year tax losses	33,413	-	-	-
Utilisation of previously unrecognised tax losses	-	-	-	409,816

12. Income Tax (Benefit)/Expense (contd.)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Unutilised tax losses	4,806,832	1,181,134	2,397,829	719,572
Unabsorbed capital allowances	1,291,479	1,161,907	936,012	1,152,999
Others deductible temporary difference - provisions	163,548	1,543,350	-	546,463

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

	Group	
	2011	2010
	RM	RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	24,568,668	7,486,120
RCSLS coupon (Note 8)	4,092,213	-
Profit net of tax attributable to owners of the parent used in the computation of diluted earnings per share	28,660,881	7,486,120

13. Earnings Per Share (contd.)

	Group	
	2011	2010
Weighted average number of ordinary shares for basic earnings per share computation*	218,122,536	216,423,418
Effects on dilution - Redeemable convertible secured loan stocks	65,706,060	-
Weighted average number of ordinary shares for diluted earnings per share computation*	283,828,596	216,423,418

	2011	2010
	Sen	Sen
Basic earnings per share	11.26	3.46
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.

14. Dividends

	Group and Company	
	2011	2010
	RM	RM
Recognised During the Financial Year:		
Dividend on ordinary shares:		
Final single-tier dividend for 2009: 5 sen per share	-	10,906,127

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

15. Property, Plant and Equipment

	Commercial Office Space RM	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
Group								
Cost:								
At 1 January 2010	3,756,750	1,556,173	2,141,203	4,680,049	-	-	-	12,134,175
Additions	-	713,556	473,623	1,069,986	-	-	1,547,265	3,804,430
Disposals	-	(179,953)	-	-	-	-	-	(179,953)
Reclassified as asset held for sale	(3,756,750)	-	-	-	-	-	-	(3,756,750)
At 31 December 2010 and 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	-	3,087,593	3,103,100	4,318,166	1,091,045	461,628	4,018,837	16,080,369

15. **Property, Plant and Equipment (contd.)**

	Commercial Office Space RM	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 2010	732,566	569,326	1,562,299	2,316,558	-	-	-	5,180,749
Charge for the year (Note 9)	75,132	401,628	218,405	458,767	-	-	-	1,153,932
Disposals	-	(29,992)	-	-	-	-	-	(29,992)
Reclassified as asset held for sale	(807,698)	-	-	-	-	-	-	(807,698)
Exchange differences	-	-	180	-	-	-	-	180
At 31 December 2010 and 1 January 2011	-	940,962	1,780,884	2,775,325	-	-	-	5,497,171
Charge for the year (Note 9)	-	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	-	1,039,361	1,949,253	748,210	108,463	12,852	-	3,858,139
Net Carrying Amount								
At 31 December 2010	-	1,148,814	833,942	2,974,710	-	-	1,547,265	6,504,731
At 31 December 2011	-	2,048,232	1,153,847	3,569,956	982,582	448,776	4,018,837	12,222,230

15. **Property, Plant and Equipment (contd.)**

	Office Renovation RM	Motor Vehicles RM	Office Equipment RM	Property Under Construction RM	Total RM
Company					
Cost:					
At 1 January 2010	1,507,008	1,388,340	619,464	-	3,514,812
Additions	556,257	353,602	313,362	2,309,351	3,532,572
At 31 December 2010 and 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	2,425,812	2,580,363	1,216,403	5,785,597	12,008,175
Accumulated Depreciation:					
At 1 January 2010	77,151	504,892	292,049	-	874,092
Charge for the year (Note 9)	160,667	323,028	98,705	-	582,400
At 31 December 2010 and 1 January 2011	237,818	827,920	390,754	-	1,456,492
Charge for the year (Note 9)	233,358	348,759	150,777	-	732,894
Disposals	-	(335,712)	(60)	-	(335,772)
At 31 December 2011	471,176	840,967	541,471	-	1,853,614
Net Carrying Amount					
At 31 December 2010	1,825,447	914,022	542,072	2,309,351	5,590,892
At 31 December 2011	1,954,636	1,739,396	674,932	5,785,597	10,154,561

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 RM12,221 (2010: Nil).

Asset held under hire purchase contracts and finance lease

During the financial year, the Group and the Company acquired motor vehicles with an aggregate cost of RM1,455,677 and RM1,296,281 respectively by means of hire purchase contracts. The cash outflow on acquisition of motor vehicles of the Group and of the Company amounted to RM215,677 and RM196,281 respectively.

The carrying amount of motor vehicles of the Group and of the Company held under hire purchase contracts at the reporting date were RM1,772,929 (2010: RM713,863) and RM1,512,385 (2010: RM560,863) respectively.

During the financial year, the Group acquired plant and machinery with an aggregate cost of RM675,500 by means of finance lease. The cash outflow on acquisition of plant and machinery amounted to RM135,100.

The carrying amount of plant and machinery held under finance leases at the reporting date were RM605,068 (2010: Nil).

Assets held under hire purchase contracts and finance leases are pledged as security for the facilities (Note 30(b)).

16. Intangible Assets

	Goodwill on Consolidation RM	Computer Software RM	Total RM
Group			
Cost:			
At 1 January 2010	197,003,142	-	197,003,142
Additions	-	1,716,123	1,716,123
At 31 December 2010 and 1 January 2011	197,003,142	1,716,123	198,719,265
Additions	-	92,046	92,046
At 31 December 2011	197,003,142	1,808,169	198,811,311
Accumulated Amortisation and Impairment:			
At 1 January 2010	(73,847,486)	-	(73,847,486)
Impairment loss (Note 9)	(6,191,669)	-	(6,191,669)
Amortisation (Note 9)	-	(100,601)	(100,601)
At 31 December 2010 and 1 January 2011	(80,039,155)	(100,601)	(80,139,756)
Impairment loss (Note 9)	(7,259,879)	-	(7,259,879)
Amortisation (Note 9)	-	(352,567)	(352,567)
At 31 December 2011	(87,299,034)	(453,168)	(87,752,202)
Net Carrying Amount:			
At 31 December 2010	116,963,987	1,615,522	118,579,509
At 31 December 2011	109,704,108	1,355,001	111,059,109

16. Intangible Assets (contd.)

	Computer Software RM
Company	
Cost:	
At 1 January 2010	-
Additions	1,395,898
At 31 December 2010 and 1 January 2011	1,395,898
Additions	10,190
At 31 December 2011	1,406,088
Accumulated Amortisation:	
At 1 January 2010	-
Amortisation (Note 9)	(79,253)
At 31 December 2010 and 1 January 2011	(79,253)
Amortisation (Note 9)	(280,363)
At 31 December 2011	(359,616)
Net Carrying Amount:	
At 31 December 2010	1,316,645
At 31 December 2011	1,046,472

Impairment tests for goodwill

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to business segment as follows:

- Property development segment
- Concessionaire segment

The carrying amounts of goodwill allocated to each CGU are as follows:

	2011 RM	2010 RM
At 31 December:		
Property development	29,421,013	31,675,919
Concessionaire	80,283,095	85,288,068
	109,704,108	116,963,987

16. Intangible Assets (contd.)

Impairment tests for goodwill (contd.)

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 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).

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 lease

The carrying amount of intangible asset held under finance lease at the reporting date was RM309,617 (2010: RM1,134,788).

Leased asset is pledged as security for the related finance lease liabilities (Note 30(b)).

17. Land Held for Property Development and Property Development Costs

(a) Land Held for Property Development

	Group	
	2011	2010
	RM	RM
Leasehold Land		
Cost		
At 1 January/31 December	32,062,256	32,062,256
Carrying Amount at 31 December	32,062,256	32,062,256

17. Land Held for Property Development and Property Development Costs (contd.)

(b) Property Development Costs

	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

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
At 31 December 2010				
Cumulative Property Development Costs				
At 1 January 2010	16,115,294	65,128,694	322,531,925	403,775,913
Costs incurred during the year	16,467,150	-	40,044,234	56,511,384
Unsold units transferred to inventories	-	(2,720,487)	(32,291,542)	(35,012,029)
At 31 December 2010	32,582,444	62,408,207	330,284,617	425,275,268
Cumulative Costs Recognised in Statement of Comprehensive Income				
At 1 January 2010	-	(21,577,667)	(207,063,045)	(228,640,712)
Recognised during the year (Note 5)	-	(3,312,887)	(18,768,897)	(22,081,784)
At 31 December 2010	-	(24,890,554)	(225,831,942)	(250,722,496)
Property Development Costs at 31 December 2010	32,582,444	37,517,653	104,452,675	174,552,772

17. Land Held for Property Development and Property Development Costs (contd.)

(b) Property Development Costs (contd.)

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

	Group	
	2011	2010
	RM	RM
Interest expense (Note 8)	625,629	1,014,753

The leasehold land held for development was purchased from PKNS in prior years as disclosed in Note 27(b). Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

The freehold land under development with carrying value of RM33,008,149 (2010: RM16,115,294) has been pledged as security for bank loan obtained (Note 29(e)).

The leasehold land under development with carrying value of RM12,295,868 (2010: RM nil), has been pledged as security for bank loan obtained (Note 29(e)).

Included in development expenditure incurred during the financial year are director's remuneration of RM418,123 (2010:RM32,619).

18. Investment in Subsidiaries

	Company 2011 RM	Company 2010 RM
Unquoted shares at cost	295,960,308	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 2011	Proportion (%) of Ownership Interest 2010
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
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

18. Investment in Subsidiaries (contd.)

Name of Subsidiaries	Share Capital RM'000	Country of Incorporation	Principal Activities	Proportion (%) of Ownership Interest 2011	2010
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd. (contd.)					
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.	*	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 2011	2010
Subsidiary of Must Ehsan Development Sdn. Bhd.					
Red Carpet Avenue Sdn. Bhd. (formerly known as Etika Maksima Sdn. Bhd.)	*	Malaysia	Investment holding	100	-
Subsidiaries of Red Carpet Avenue Sdn. Bhd.					
Etika Tranquerah Sdn. Bhd.	#	Malaysia	Food and beverage	60	-
Etika Tapis Sdn. Bhd.	#	Malaysia	Food and beverage	50	-
Red Carpet Culinary Sdn. Bhd.	250	Malaysia	Food and beverage	50	-

^Audited by a firm other than Ernst & Young
+Represent paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar
*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 Subsidiary Companies

(i) On 29 July 2011, Must Ehsan Development Sdn. Bhd. acquired the entire issued and paid-up capital of Red Carpet Avenue Sdn. Bhd. (formerly known as Etika Maksima Sdn. Bhd.) ("RCSB"), a private limited company incorporated in Malaysia on 17 January 2011. Upon the acquisition, RCSB became a subsidiary of the Group. The authorised share capital of RCSB is RM100,000 divided into 100,000 ordinary shares of RM1 each. The issued and paid-up share capital of RCSB is RM2 divided into 2 ordinary shares of RM1 each.

(ii) On 23 August 2011, RCSB subscribed for 60 ordinary shares of RM1 each representing 60% of the issued and paid-up ordinary share capital of Etika Tranquerah Sdn. Bhd. ("Tranquerah") for a total cash consideration of RM60. Upon the acquisition, Tranquerah became a subsidiary of the Group.

Tranquerah has been incorporated as a private limited company in Malaysia on 23 August 2011. The authorised ordinary share capital of Tranquerah is RM100,000 divided into 100,000 ordinary shares of RM1 each and the total issued and paid-up ordinary share capital is RM100 divided into 100 ordinary shares or RM1 each.

(iii) On 25 August 2011, RCSB subscribed for 50 ordinary shares of RM1 each representing 50% of the issued and paid-up ordinary share capital of Etika Tapis Sdn. Bhd. ("Tapis") for a total cash consideration of RM50. Upon the acquisition, Tapis became a subsidiary of the Group.

Tapis has been incorporated as a private limited company in Malaysia on 25 August 2011. The authorised ordinary share capital of Tapis is RM100,000 divided into 100,000 ordinary shares of RM1 each and the total issued and paid-up ordinary share capital is RM100 divided into 100 ordinary shares or RM1 each.

(iv) On 26 August 2011, RCSB subscribed for 50 ordinary shares of RM1 each representing 50% of the issued and paid-up ordinary share capital of Red Carpet Culinary Sdn. Bhd. ("RC Culinary") for a total cash consideration of RM50. Upon the acquisition, RC Culinary became a subsidiary of the Group.

RC Culinary has been incorporated as a private limited company in Malaysia on 26 August 2011. The authorised ordinary share capital of Tapis is RM100,000 divided into 100,000 ordinary shares of RM1 each and the total issued and paid-up ordinary share capital is RM100 divided into 100 ordinary shares or RM1 each.

On 5 October 2011, RC Culinary increased its authorised ordinary share capital from RM100,000 to RM500,000 through the creation of 400,000 ordinary shares of RM1 each. Subsequently, RCSB increased its investment in RC Culinary from RM50 to RM125,000 by way of subscription of 124,950 ordinary shares of RM1 each. Accordingly, the paid-up ordinary share capital of RC Culinary has increased from RM100 to RM250,000.

All above acquisition of subsidiary and subscription of shares in subsidiaries did not have any material effect on the financial results and financial position of the Group.

19. Trade and Other Receivables

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Current				
Trade Receivables (a)				
Third parties	33,012,806	57,077,673	9,674,923	14,011,658
Concession income receivables (b)	36,949,309	32,889,039	-	-
	69,962,115	89,966,712	9,674,923	14,011,658
Other Receivables				
Subsidiaries (c)	-	-	102,005,147	70,865,231
Deposits (d)	10,687,032	9,920,928	32,130	123,300
Sundry receivables	953,210	653,666	144,477	64,846
	11,640,242	10,574,594	102,181,754	71,053,377
Total Trade and Other Receivables	81,602,357	100,541,306	111,856,677	85,065,035
Non-Current				
Trade Receivables (a)				
Concession income receivables (b)	1,063,116,523	1,091,986,075	-	-
Total Trade and Other Receivables (Current and Non-Current)	1,144,718,880	1,192,527,381	111,856,677	85,065,035
Add: Cash and bank balances (Note 25)	30,927,217	39,097,059	5,924,605	12,344,654
Total Loans and Receivables	1,175,646,097	1,231,624,440	117,781,282	97,409,689

19. Trade and Other Receivables (contd.)

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 day (2010: 14 to 60 day) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Neither past due nor impaired	36,323,421	55,433,083	9,674,923	14,011,658
1 to 30 days past due not impaired	9,520,243	11,087,080	-	-
31 to 60 days past due not impaired	4,738,046	6,426,036	-	-
61 to 90 days past due not impaired	4,664,605	971,702	-	-
91 to 120 days past due not impaired	1,331,030	4,895,296	-	-
121 to 365 days past due not impaired	5,415,374	3,963,825	-	-
More than 365 days past due not impaired	7,969,396	7,189,690	-	-
	33,638,694	34,533,629	-	-
Impaired	-	-	-	-
	69,962,115	89,966,712	9,674,923	14,011,658

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.

19. Trade and Other Receivables (contd.)

(a) Trade Receivables (contd.)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM33,638,694 (2010: RM34,533,629) 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 still deem to be creditworthy. Based on past experience, the Board believes that no impairment of allowance is necessary in respect of those balances.

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

As at reporting date, the Group has a significant concentration of credit risk. The entire concession income receivables are due from the Government of Malaysia (Note 37(a)).

(b) Concession Income Receivables

	Group	
	2011	**2010**
	RM	**RM**
Concession income receivables accrued:		
- Within 1 year	144,837,657	143,513,312
- More than 1 year and less than 2 years	136,757,899	136,757,899
- More than 2 years and less than 5 years	410,273,697	410,273,697
- More than 5 years	1,515,844,472	1,652,602,372
	2,207,713,725	2,343,147,280
Unearned interest income	(1,107,647,893)	(1,218,272,166)
	1,100,065,832	1,124,875,114
Receivable within one year	36,949,309	32,889,039
Receivable after one year	1,063,116,523	1,091,986,075
	1,100,065,832	1,124,875,114

The Group's normal trade credit term on concession income receivables is 21 (2010: 21) days.

The entire concession income receivables are pledged to the holders of the ABBA Notes as disclosed in Note 29(a).

19. Trade and Other Receivables (contd.)

(c) Subsidiaries

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

(d) Deposits

(i) Included in deposits is an amount paid to Indi Makmur Sdn. Bhd. ("Indi Makmur") and Lunarhati Sdn. Bhd. ("Lunarhati") amounting to RM5 million (2010: 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.

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

(ii) Included in deposits is an amount paid to UEM Land Berhad amounting to RM2,589,032 (2010: RM2,589,032) for the acquisition of a piece of freehold land at Mukim of Pulai, Johor Bahru.

The acquisition is pending fulfilment of certain terms and conditions of the Sales and Purchase Agreement.

20. Deferred Tax

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

Group	As at 1 January 2010 RM	Recognised in Profit or Loss (Note 12) RM	As at 31 December 2010 RM	Recognised Directly in Equity (Note 29(f)) RM	Recognised in Profit or Loss (Note 12) RM	As at 31 December 2011 RM
Deferred Tax Liabilities:						
Property, plant and equipment	66,443	385,609	452,052	-	199,942	651,994
Progress billings	285,444,181	(5,914,256)	279,529,925	-	(6,533,406)	272,996,519
RCSLS	-	-	-	1,851,801	(234,345)	1,617,456
	285,510,624	(5,528,647)	279,981,977	1,851,801	(6,567,809)	275,265,969
Deferred Tax Assets:						
Tax losses and unabsorbed capital allowances	(285,541,025)	6,078,477	(279,462,548)	-	13,037,263	(266,425,285)
Provisions	(2,704,431)	2,461,704	(242,727)	-	(1,799,265)	(2,041,992)
	(288,245,456)	8,540,181	(279,705,275)	-	11,237,998	(268,467,277)
	(2,734,832)	3,011,534	276,702	1,851,801	4,670,189	6,798,692

Company						
Deferred Tax Liabilities:						
Property, plant and equipment	55,090	251,196	306,286	-	186,759	493,045
RCSLS	-	-	-	1,851,801	(234,345)	1,617,456
	55,090	251,196	306,286	1,851,801	(47,586)	2,110,501
Deferred Tax Assets:						
Tax losses and unabsorbed capital allowances	(55,090)	(705,215)	(760,305)	-	540,031	(220,274)
Provisions	-	454,019	454,019	-	(726,790)	(272,771)
	(55,090)	(251,196)	(306,286)	-	(186,759)	(493,045)
	-	-	-	1,851,801	(234,345)	1,617,456

20. Deferred Tax (contd.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Deferred tax assets	(1,653,029)	(593,738)	-	-
Deferred tax liabilities	8,451,721	870,440	1,617,456	-
	6,798,692	276,702	1,617,456	-

<u>Unrecognised tax losses</u>

At the reporting date, the Group and the Company have tax losses of approximately RM4,806,832 (2010: RM1,181,134) and RM2,397,829 (2010: RM719,572) respectively 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.

21. Inventories

	Group	
	2011	2010
	RM	RM
Cost		
Properties held for sale	44,542,338	35,012,029
Food and beverage	72,896	-
	44,615,234	35,012,029

(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 29(e)).

(b) The Group has subjected fifteen units of terrace shop offices as security for RCSLS issued. (Note 29(f)).

22. Other Current Assets

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Prepayments (a)	41,561,416	41,625,126	151,317	187,153
Accrued billings in respect of property development costs	6,682,496	4,349,772	-	-
Gross amount due from customers for contract work (Note 23)	728,579	9,692,780	-	-
Others	-	293,698	-	293,698
	48,972,491	55,961,376	151,317	480,851

(a) Included in the prepayment is prepaid ABBA Notes amounting to RM41,300,000 (2010: RM41,300,000) which will be due on 3 January of the following financial year.

23. Gross Amount Due From/(To) Customers on Contracts Work-In-Progress

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Construction costs incurred to date	297,978,544	249,171,899	87,682,372	39,325,208
Attributable profits	18,057,377	14,543,619	1,758,261	758,366
	316,035,921	263,715,518	89,440,633	40,083,574
Less: Progress billings	(315,423,967)	(255,501,840)	(89,475,279)	(40,125,296)
	611,954	8,213,678	(34,646)	(41,722)
Presented as:				
Gross amount due from customers on contracts work (Note 22)	728,579	9,692,780	-	-
Gross amount due to customers on contracts work (Note 28)	(116,625)	(1,479,102)	(34,646)	(41,722)
	611,954	8,213,678	(34,646)	(41,722)

	Group	
	2011	2010
	RM	RM
Advances received from contracts are included within trade payables (Note 27)	-	264,250

Included in construction contract costs incurred during the financial year are employee benefits of RM7,510,267 (2010: RM4,555,505).

24. Short Term Investment

	Group	
	2011	2010
	RM	RM
Fixed Maturity Fund ("The Fund")	118,073,739	95,815,251

The Fund 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.

The whole amount of RM118,073,739 (2010: RM98,815,251) is held in trust for the holders of the ABBA Notes (Note 29(a)).

25. Cash and Bank Balances

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash on hand and at banks (a)	24,893,245	20,597,938	3,582,351	732,982
Deposits with:				
- licensed banks (b)	5,439,879	17,493,997	2,342,254	11,611,672
- a licensed corporation (c)	594,093	1,005,124	-	-
Cash and bank balances	30,927,217	39,097,059	5,924,605	12,344,654

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

(i) An amount of RM12,661,026 (2010: RM6,564,973) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.

(ii) An amount of RM nil (2010: RM194,891) is held as sinking fund in relation to the bank guarantee facilities granted to a subsidiary Company, ECSB.

(iii) Included in cash on hand and at banks is an amount of RM41,430 (2010: RM11,318,633) held by a licensed corporation in trust for the holders of the ABBA Notes as a Project Escrow Account.

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

(i) Deposits of RM1,579,060 (2010: RM1,579,060) pledged to a bank for credit facilities granted to a subsidiary company, Must Ehsan Development Sdn. Bhd.;

(ii) Deposits of RM2,342,254 and RMnil (2010: RM4,400,000 and RM2,544,101) on lien for bank guarantees granted to the Company and a subsidiary Company, ECSB, respectively in favour of the customers for the projects awarded;

(iii) Deposits of RM1,208,251 (2010: RMnil) pledged to a bank for credit facilities granted to a subsidiary company, Encorp Development Pty Ltd. (Note 29(e));

(iv) Designated deposits of RM nil (2010: RM711,672) of the Company on lien for settlement of payables in Encorp Systembilt Sdn. Bhd. and ECSB;

(v) Deposits of RM259,482 pledged to a bank as security for credit facilities granted to a subsidiary, Encorp Trading Services Sdn. Bhd. (Note 29(c)).

25. Cash and Bank Balances (contd.)

(c) The deposit of RM594,093 (2010: RM1,005,124) is held by a licensed corporation in trust for the holders of the ABBA Notes as a Project Escrow Account (Note 29(a)).

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash and bank balances	30,927,217	39,097,059	5,924,605	12,344,654
Less: Pledged/designated	(18,685,596)	(28,318,454)	(2,342,254)	(5,111,672)
Bank overdraft (Note 29)	(350,655)	-	-	-
Cash and cash equivalents	11,890,966	10,778,605	3,582,351	7,232,982

26. 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.. In prior year, ECSB has received a deposit of RM390,805 from Daksina Harta Sdn. Bhd.. The carrying amount of the commercial office space as at 31 December 2010 was RM2,949,052 (Note 15). The Sale and Purchase agreement was completed on 28 January 2011. The disposal resulted in a gain of RM958,998 (Note 7).

27. Trade and Other Payables

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current				
Trade Payables				
Third parties (a)	39,232,645	71,915,892	-	-
Amount due to an affiliated company (b)	29,555,512	45,360,657	-	-
Subsidiaries (c)	-	-	9,480,759	15,581,465
Advances received (Note 23)	-	264,250	-	-
	68,788,157	117,540,799	9,480,759	15,581,465
Other Payables				
Subsidiaries (c)	-	-	18,965,360	24,307,420
Amounts due to (d):				
-affiliated companies	2,268	2,268	-	-
-corporate shareholder	5,047,823	9,149,305	5,039,396	9,143,242
Sundry payables	11,734,541	10,137,876	312,694	-
Provision for defect liability (e)	537,400	537,400	-	-
Accruals for construction costs	2,846,221	3,490,744	-	-
Provision for short-term accumulating compensated absences (f)	80,852	80,852	57,289	57,289
Other accruals	9,494,541	49,226,770	1,956,970	2,623,043
Provision for liquidated ascertained damages (g)	-	64,575	-	-
Advance payment from a customer (h)	13,614,720	-	-	-
	43,358,366	72,689,790	26,331,709	36,130,994
	112,146,523	190,230,589	35,812,468	51,712,459

27. Trade and Other Payables (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-Current				
Trade Payables				
Retention sum payables	3,365,499	2,705,899	-	-
Advance payment from customers (h)	1,518,558	-	-	-
Amount due to an affiliated company (b)	25,423,848	26,732,353	-	-
	30,307,905	29,438,252	-	-
Total Trade and Other Payables (Current and Non-Current)	142,454,428	219,668,841	35,812,468	51,712,459
Add: Loans and borrowings (Note 29)	1,228,718,615	1,175,905,408	63,347,303	21,879,123
Total Financial Liabilities Carried at Amortised Cost	1,371,173,043	1,395,574,249	99,159,771	73,591,582

(a) Save and except for an amount of RM nil (2010: RM8,091,092) due to a contractor of a subsidiary company bearing interest of 1.5% per annum above the Base Lending Rate ("BLR"), the trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 14 to 60 days (2010: 14 to 60 days).

(b) 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, interest-free and are repayable on demand.

(d) Amounts due to the affiliated companies and corporate shareholder are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

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

27. Trade and Other Payables (contd.)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
At beginning of year	80,852	57,595	57,289	57,289
Recognised in statements of comprehensive income (Note 9)	-	23,257	-	-
At the end of year	80,852	80,852	57,289	57,289

(g) The movement of provision for liquidated ascertained damages is as follows:

	Group	
	2011	2010
	RM	RM
At beginning of year	64,575	56,450
Additional provision during the year (Note 9)	-	8,125
Reversal of overprovision in prior year (Note 9)	(64,575)	-
At the end of year	-	64,575

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

Further details on related party transactions are disclosed in Note 35.

28. Other Current Liabilities

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Progress billings in respect of property development costs	6,427,770	10,763,593	-	-
Gross amount due to customers for contract work (Note 23)	116,625	1,479,102	34,646	41,722
	6,544,395	12,242,695	34,646	41,722

29. Loans and borrowings

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current				
Secured:				
ABBA Notes (a)	63,580,969	30,671,753	-	-
Advance from a contractor (b)	6,600,000	8,000,000	-	-
Bank overdrafts (c)	350,655	-	-	-
Short term loans (d)	-	20,500,000	-	20,500,000
Term loans (e)	15,623,818	2,222,220	-	-
Revolving credit (e)	9,350,000	-	-	-
RCSLS (f)	917,877	-	917,877	-
Obligations under finance leases (Note 30(b)): (g)				
- Hire purchase payables	378,018	131,579	320,681	101,494
- Finance lease	773,260	634,447	412,907	506,662
	97,574,597	62,159,999	1,651,465	21,108,156
Non-Current				
Secured:				
ABBA Notes (a)	1,035,553,657	1,099,134,626	-	-
Term loans (e)	35,649,657	13,629,230	2,078,573	-
RCSLS (f)	58,516,416	-	58,516,416	-
Obligations under finance leases (Note 30(b)): (g)				
- Hire purchase payables	1,281,346	471,142	1,100,849	358,320
- Finance lease	142,942	510,411	-	412,647
	1,131,144,018	1,113,745,409	61,695,838	770,967
ABBA Notes (a)	1,099,134,626	1,129,806,379	-	-
Advance from a contractor (b)	6,600,000	8,000,000	-	-
Bank overdrafts (c)	350,655	-	-	-
Short term loans (d)	-	20,500,000	-	20,500,000
Term loans (e)	51,273,475	15,851,450	2,078,573	-
Revolving credit (e)	9,350,000	-	-	-
RCSLS (f)	59,434,293	-	59,434,293	-
Obligations under finance leases (g)	2,575,566	1,747,579	1,834,437	1,379,123
Total Loans and Borrowings	1,228,718,615	1,175,905,408	63,347,303	21,879,123

29. Loans and Borrowings (contd.)

The remaining maturities of loans and borrowings as at 31 December 2011 are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
On demand or within one year	97,574,597	62,159,999	1,651,465	21,108,156
More than 1 year and less than 2 years	46,284,576	72,489,293	324,058	770,967
More than 2 years and less than 5 years	215,392,430	125,313,610	61,371,780	-
5 years or more	869,467,012	915,942,506	-	-
	1,228,718,615	1,175,905,408	63,347,303	21,879,123

(a) The ABBA Notes were issued by a subsidiary company to finance the planning, design, construction and completion costs of 10,000 units of teachers' quarters for the Government of Malaysia. The ABBA Notes were undertaken in four tranches as follows:

(i) RM1.3216 billion ABBA Notes 2002/2018 were issued in the year 2000, maturing on 3 January 2018 and are repayable by 32 semi-annual instalments commencing on 3 July 2002. During the year, RM82,600,000 (2010: RM82,600,000) has been paid towards the redemption of the ABBA Notes.

(ii) RM510 million ABBA Notes 2002/2018 were issued in the year 2000, maturing on 15 September 2018 and are repayable by 34 semi-annual instalments commencing on 15 March 2002. During the year, RM30,000,000 (2010: RM30,000,000) has been paid towards the redemption of the ABBA Notes; and

(iii) RM250 million Primary ABBA Notes 2007/2028 and RM276.893 million Secondary ABBA Notes 2004/2028 issued in the year 2002 with the following maturity and redemption dates.

Maturity Dates	Face Value of Primary Notes RM	Aggregate Face Value of Secondary Notes RM
29 May 2012	30,000,000	15,307,397
29 May 2017	30,000,000	26,338,356
29 May 2022	70,000,000	80,891,615
29 May 2028	90,000,000	148,583,220

During the year, RM15,400,000 (2010: RM15,400,000) has been paid towards the redemption of the ABBA Notes.

29. Loans and Borrowings (contd.)

(a) (iii) The Primary ABBA Notes due on 29 May 2012 and 29 May 2017 are redeemable in full on the above maturity dates. The Primary ABBA Notes due on 29 May 2022 are redeemable in 5 equal yearly instalments commencing on 29 May 2018, and those due on 29 May 2028 are redeemable in 6 equal yearly instalments commencing on 29 May 2023.

The Secondary ABBA Notes due on 29 May 2012 are redeemable in 17 semi-annual instalments commencing on 29 May 2004.

The Secondary ABBA Notes due on 29 May 2017 are redeemable in 27 semi-annual instalments commencing on 29 May 2004.

The Secondary ABBA Notes due on 29 May 2022 are redeemable in 37 semi-annual instalments commencing on 29 May 2004 and those due on 29 May 2028 are redeemable in 49 semi-annual instalments commencing on 29 May 2004.

(iv) RM625 million Primary ABBA Notes 2019/2026 and RM252.5 million Secondary ABBA Notes 2019/2026 issued in the year 2004 with the following maturity and redemption dates:

Maturity Dates	Face Value of Primary Notes RM	Aggregate Face Value of Secondary Notes RM
31 December 2019	62,500,000	50,000,000
31 December 2020	62,500,000	45,000,000
31 December 2021	62,500,000	40,000,000
31 December 2022	62,500,000	35,000,000
31 December 2023	62,500,000	30,000,000
31 December 2024	93,750,000	25,000,000
31 December 2025	93,750,000	17,500,000
31 December 2026	125,000,000	10,000,000

The Primary ABBA Notes are redeemable in full on the above maturity dates.

The Secondary ABBA Notes are repayable by 16 semi-annual instalments commencing on 30 June 2019.

29. Loans and Borrowings (contd.)

(a) (v) RM42 million Primary ABBA Notes 2019/2026 and RM16,968,000 Secondary ABBA Notes 2019/2026 issued on the 30 June 2005 with the following maturity and redemption dates:

Maturity Dates	Face Value of Primary Notes RM	Aggregate Face Value of Secondary Notes RM
31 December 2019	4,200,000	3,360,000
31 December 2020	4,200,000	3,024,000
31 December 2021	4,200,000	2,688,000
31 December 2022	4,200,000	2,352,000
31 December 2023	4,200,000	2,016,000
31 December 2024	6,300,000	1,680,000
31 December 2025	6,300,000	1,176,000
31 December 2026	8,400,000	672,000

The Primary ABBA Notes are redeemable in full on the above maturity dates.

The Secondary ABBA Notes are repayable by 16 semi-annual instalments commencing on 30 June 2019.

All ABBA Notes are secured by the assignment of the contract Concession Payments and the Project Escrow Account (Note 25), and a negative pledge on all assets of the subsidiary company. The subsidiary company is a special purpose vehicle and these ABBA Notes raised do not have any financial recourse to the Group and the Company.

(b) 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.

(c) Bank overdrafts

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

(d) Short term loans

Bridging loan at cost of funds + 1.5% per annum

Prior year RM20 million loan has been drawn down to bridge against the proceeds from then proposed rights issues of up to RM55,877,134 nominal value of 5-year 6% redeemable convertible secured loan stocks together with 27,938,567 detachable warrants to be undertaken by the Company and the proceeds from the bridging loan facility shall be used by the Group to fund its current developments.

29. Loans and Borrowings (contd.)

(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)).

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

	Group and Company	
	Number of RCSLS RM1 each	Amount RM
Authorised		
At 1 January 2010, 31 December 2010 and 1 January 2011	-	-
Created during the year	67,052,560	67,052,560
At 31 December 2011	67,052,560	67,052,560

29. Loans and Borrowings (contd.)

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

The amount recognised in the statements of financial position as at 31 December 2011 may be analysed as follows:

	Group and Company	
	Number of RCSLS RM1 each	Amount RM
Nominal Value - Issued and Fully Paid		
At 1 January 2010, 31 December 2010 and 1 January 2011	-	-
Created during the year	65,706,060	65,706,060
At 31 December 2011	65,706,060	65,706,060

Encorp Berhad ("EB") 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 placed up to RM11,175,426 nominal value of 5-year 6% RCSLS at 100% of its nominal value together with up to 5,587,713 free detachable warrants.

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

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

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

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

29. Loans and Borrowings (contd.)

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

(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 EB 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(b)).

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
Interest expense recognised in profit or loss:	
At 1 January	-
Recognised during the year (Note 8)	4,092,213
At 31 December	4,092,213
Coupon paid:	
At 1 January	-
Paid during the year	(2,956,773)
At 31 December	(2,956,773)
Liability component at 31 December	59,434,293

(g) Obligations under finance leases

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

30. Commitments

(a) Capital Commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Capital expenditure				
Approved and contracted for:				
Land held for property development	23,301,290	23,301,290	-	-
Property under construction	-	-	12,701,428	16,165,453

(b) Finance Lease Commitments

(i) Hire Purchase Payables

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Minimum Lease Payments:				
Not later than 1 year	451,298	159,060	383,284	122,232
Later than 1 year and not later than 2 years	438,636	195,888	370,188	122,232
Later than 2 years and not later than 5 years	953,391	315,361	827,939	266,284
Total minimum lease payment	1,843,325	670,309	1,581,411	510,748
Less: Amounts representing finance charges	(183,961)	(67,588)	(159,881)	(50,934)
Present value of finance lease liabilities	1,659,364	602,721	1,421,530	459,814

30. Commitments (contd.)

(b) Finance Lease Commitments (contd.)

(i) Hire Purchase Payables (contd.)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Present Value of Minimum Payments:				
Not later than 1 year	378,018	131,579	320,681	101,494
Later than 1 year and not later than 2 years	385,039	138,794	324,058	106,969
Later than 2 years and not later than 5 years	896,307	332,348	776,791	251,351
	1,659,364	602,721	1,421,530	459,814
Less: Amount due within 12 months (Note 29)	(378,018)	(131,579)	(320,681)	(101,494)
Amount due after 12 months (Note 29)	1,281,346	471,142	1,100,849	358,320

The weighted average interest rate of the hire purchase payables at the end of the financial year was 2.44% (2010: 2.57%).

(ii) Finance Lease

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Minimum Lease Payments:				
Not later than 1 year	809,932	696,972	425,650	558,552
Later than 1 year and not later than 2 years	145,992	525,993	-	425,650
Total minimum lease payment	955,924	1,222,965	425,650	984,202
Less: Amounts representing finance charges	(39,722)	(78,107)	(12,743)	(64,893)
Present value of finance lease liabilities	916,202	1,144,858	412,907	919,309

30. Commitments (contd.)

(b) Finance Lease Commitments (contd.)

(ii) Finance Lease (contd.)

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Present Value of Minimum Payments:				
Not later than 1 year	773,260	634,447	412,907	506,663
Later than 1 year and not later than 2 years	142,942	510,411	-	412,646
	916,202	1,144,858	412,907	919,309
Less: Amount due within 12 months (Note 29)	(773,260)	(634,447)	(412,907)	(506,662)
Amount due after 12 months (Note 29)	142,942	510,411	-	412,647

The average discount rate implicit in the lease is 4.00% (2010: 4.03%) per annum.

31. 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 2010	223,508,536	(10,263,000)	223,508,536	103,563,392	327,071,928	(8,663,797)
Purchase of treasury shares	-	(165,000)	-	-	-	(163,032)
Treasury shares reissued to open market	-	5,042,000	-	-	-	5,278,651
Gain on reissue of treasury shares transferred to share premium reserve	-	-	-	1,010,827	1,010,827	(1,010,827)
At 31 December 2010 and 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	223,508,536	(5,386,000)	223,508,536	102,434,688	325,943,224	(4,559,005)

31. Share Capital, Share Premium and Treasury Shares (contd.)

	Number of Ordinary Shares of RM1 Each		Amount	
	2011	2010	2011 RM	2010 RM
Authorised:				
At 1 January	300,000,000	300,000,000	300,000,000	300,000,000
Created during the year	200,000,000	-	200,000,000	-
At 31 December	500,000,000	300,000,000	500,000,000	300,000,000

During the financial year, the Company increased its authorised share capital from RM300,000,000 to RM500,000,000 through the creation of 200,000,000 ordinary shares of RM1 each.

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.

In prior year, the Company acquired 165,000 of its ordinary shares of RM1 each through its purchase on the Bursa Malaysia Securities Berhad. The total amount paid to acquire the shares was RM163,032 and this was presented as a component within shareholder's equity.

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.

32. Other Reserves

	Warrant Reserve (a) RM	Equity Component of RCSLS (b) RM	Foreign Currency Translation Reserve (c) RM	Total RM
Group				
At 1 January 2010	-	-	-	-
Other Comprehensive Income				
Foreign currency translation	-	-	1,714,809	1,714,809
At 31 December 2010	-	-	1,714,809	1,714,809
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 29(f))	-	873,849	-	873,849
Warrant component on issuance of RCSLS (Note 29(f))	4,681,557	-	-	4,681,557
At 31 December 2011	4,681,557	873,849	1,741,413	7,296,819
Company				
At 1 January 2010, 31 December 2010, and 1 January 2011	-	-	-	-
Equity component on issuance of RCSLS (Note 29(f))	-	873,849	-	873,849
Warrant component on issuance of RCSLS (Note 29(f))	4,681,557	-	-	4,681,557
At 31 December 2011	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.

32. 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.

33. 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 ("S.108") balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the S.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 2011, the S.108 balance of the Company is nil (2010: nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2011 and 2010 under the single tier system.

34. Financial Guarantees

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

- corporate guarantees of RM136,056 (2010: RM809,238) given to suppliers in favour of credit terms granted to a subsidiary

- corporate guarantees given to banks of RM39,085,124 (2010: RM29,635,624) for credit facilities granted to subsidiaries.

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.

35. Related Party Disclosures

(a) Sale and Purchase 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:

	2011 RM	2010 RM
Group		
(Repayment to)/advances from a corporate shareholder	(4,066,625)	9,086,769
Payment on behalf of a corporate shareholder	34,887	-
Sales of properties under development to persons connected to a director of the Company (i)	(1,552,650)	(1,981,979)
Sales of properties under development to a Company connected to a director of the Company (i)	-	(7,054,703)
Sales of properties under development to the directors of the Company (i)	-	(7,263,472)
Company		
Management fees charged to subsidiaries (ii):		
- Encorp Construct Sdn. Bhd.	(3,000,000)	(3,000,000)
- Encorp Must Sdn. Bhd.	(1,200,000)	(1,200,000)
- Encorp Trading Services Sdn. Bhd.	(600,000)	(600,000)
- Encorp Systembilt Sdn. Bhd.	(1,920,000)	(1,920,000)
- Must Ehsan Development Sdn. Bhd.	(600,000)	(600,000)
- Encorp Development Sdn. Bhd.	(540,000)	(1,800,000)
- Encorp Iskandar Development Sdn. Bhd.	(1,260,000)	-
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)	1,961,523	-
Dividend received from a subsidiary	-	(11,025,000)
Acquisition of office suites from a subsidiary (v)	-	18,474,804
Progress billing in respect of construction work performed by a subsidiary	48,357,164	32,713,541
Payments on behalf of corporate shareholder	37,221	-
(Repayment to)/advances from a corporate shareholder	(4,066,625)	9,088,524
Advances to subsidiaries	(32,002,279)	(910,000)
Payments on behalf of subsidiaries	(1,274,713)	(10,392,847)

35. Related Party Disclosures (contd.)

(a) Sale and Purchase of Goods and Services (contd.)

(i) The sale of properties under development to persons/company who are connected to a director and the directors of the Company, 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.

(v) Pursuant to the terms and conditions of the original sale and purchase agreement dated 25 November 2010, the Company had agreed to purchase and a subsidiary, Must Ehsan Development Sdn. Bhd. ("MEDSB"), had agreed to sell the office suites of Garden Office under development at an agreed consideration sum of RM18,474,804. The sale of office suites by a subsidiary has been entered into in the normal course of business.

Information regarding outstanding balances arising from related party transactions as at 31 December 2011 and 31 December 2010 are disclosed in Notes 19 and 27.

(b) Compensation of Key Management Personnel

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Wages and salaries	7,429,706	6,589,266	4,112,555	4,034,722
Social security costs	9,352	9,725	3,721	3,992
Pension cost - defined contribution plans	624,889	662,275	353,034	371,660
Other staff related expenses	473,095	36,431	323,642	16,234
	8,537,042	7,297,697	4,792,952	4,426,608

35. Related Party Disclosures (contd.)

(b) Compensation of Key Management Personnel (contd.)

Included in the total remuneration of key management personnel is:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Directors' remuneration	2,723,866	3,209,694	2,084,369	2,804,497

36. 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	
	2011	2010
	RM	RM
Financial Assets:		
Fair value through profit or loss		
- Short term investment (Note 24)	118,073,739	95,815,251

36. Fair Value of Financial Instruments (contd.)

A. Fair Value of Financial Instruments That Are Carried at Fair Value (contd.)

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 2011 and 2010.

Determination of fair value

Short term investment (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 (current)	19
Trade and other payables (current)	27
Loans and borrowings (non-current and current)	29

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.

36. Fair Value of Financial Instruments (contd.)

B. Financial Instruments That Are Not Carried at Fair Value and Whose Carrying Amounts Are Reasonable Approximation of Fair Value (contd.)

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 subsidiaries, finance lease obligations and fixed rate bank loans

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.

37. Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and 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.

<u>Exposure to credit risk</u>

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.

37. 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			
	2011		2010	
	RM	% of total	RM	% of total
By industry sectors				
Concessionaire sector	1,100,065,832	97.08%	1,124,875,114	95.20%
Construction sector	14,263,318	1.26%	31,091,538	2.60%
Property development sector	16,279,439	1.44%	20,882,302	1.80%
Trading Sector	2,470,049	0.22%	5,103,833	0.40%
	1,133,078,638	100.00%	1,181,952,787	100.00%

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.

37. 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				
2011				
Financial liabilities:				
Trade and other payables	112,146,523	33,189,948	-	145,336,471
Loans and borrowings	188,056,849	630,205,350	1,389,219,512	2,207,481,711
Total undiscounted financial liabilities	300,203,372	663,395,298	1,389,219,512	2,352,818,182
2010				
Financial liabilities:				
Trade and other payables	190,230,589	30,768,711	-	220,999,300
Loans and borrowings	152,519,670	552,583,970	1,515,456,413	2,220,560,053
Total undiscounted financial liabilities	342,750,259	583,352,681	1,515,456,413	2,441,559,353

37. Financial Risk Management Objectives and Policies (contd.)

(b) Liquidity Risk (contd.)

	On Demand or Within One Year RM	One to Five Years RM	Over Five Years RM	Total RM
Company				
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
2010				
Financial liabilities:				
Trade and other payables	51,712,459	-	-	51,712,459
Loans and borrowings	21,441,836	1,623,777	-	23,065,613
Total undiscounted financial liabilities	73,154,295	1,623,777	-	74,778,072

37. 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 Groups and the Companys 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 RM60,624 (2010: RM44,351) lower/higher 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 RM3,006,001 (2010: RM235,514) 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 2011 RM
AUD/RM	- strengthened 1% (2010: 1%)	24,000
	- weakened 1% (2010: 1%)	(24,000)

38. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

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

		Group		Company	
	Note	2011	2010	2011	2010
		RM	RM	RM	RM
Loans and borrowings	29	1,228,718,615	1,175,905,408	63,347,303	21,879,123
Trade and other payables	27	142,454,428	219,668,841	35,812,468	51,712,459
Less: RCSLS	29	(59,434,293)	-	(59,434,293)	-
Less: Cash and bank balances	25	(30,927,217)	(39,097,059)	(5,924,605)	(12,344,654)
Net debt		1,280,811,533	1,356,477,190	33,800,873	61,246,928
Equity attributable to the owners of the parent		347,554,894	319,543,747	324,342,067	327,796,718
Total capital		347,554,894	319,543,747	324,342,067	327,796,718
Capital and Net Debt		1,628,366,427	1,676,020,937	358,142,940	389,043,646
Gearing Ratio		79%	81%	9%	16%

39. 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) Trading, food and beverage.

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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

39. **Segment Information (contd.)**

	Investment 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
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	2,204,044	19,381,476	(121,357,668)	A	-
Total revenue	15,131,518	110,624,273	172,134,914	91,254,371	22,139,856	(121,357,668)		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 (loss)/profit	(8,143,124)	14,611,895	1,790,804	18,544,185	(171,988)	(14,532,681)	C	12,099,091
Assets:								
Additions to non-current assets	5,671,893 -	-	1,322,961	1,276,625	11,913	(1,148,674)	D	7,134,718
Segment assets	500,478,027	1,278,368,391	36,852,610	360,843,865	10,618,121	(419,250,401)	E	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)	F	1,388,112,440

39. 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
2010								
Revenue								
External customers	-	113,100,877	102,428,636	44,311,361	9,870,834	-		269,711,708
Inter-segment	38,904,044	-	57,490,864	2,309,351	-	(98,704,259)	A	-
Total revenue	38,904,044	113,100,877	159,919,500	46,620,712	9,870,834	(98,704,259)		269,711,708
Results:								
Interest income	199,598	44,878	54,638	284,544	1,143	-		584,801
Interest expense	(533,344)	(99,687,928)	(5,463)	(1,380,042)	(1,968)	-		(101,608,745)
Depreciation and amortisation	(721,141)	-	(443,921)	(81,047)	(8,424)	-		(1,254,533)
Impairment of goodwill on consolidation	-	-	-	-	-	(6,191,669)		(6,191,669)
Other non-cash income/(expenses)	1,792,816	-	(415,730)	(8,125)	-	(1,816,073)	B	(447,112)
Segment profit/(loss)	24,207,997	13,766,188	1,451,581	14,223,296	(262,832)	(39,734,574)	C	13,651,656
Assets:								
Additions to non-current assets	5,505,167	-	357,090	305,723	114,659	(762,086)	D	5,520,553
Segment assets	479,972,381	1,298,277,804	70,326,351	246,711,322	3,192,541	(340,803,900)	E	1,757,676,499
Segment Liabilities	93,690,537	1,166,319,319	79,766,813	156,167,771	2,529,468	(87,064,756)	F	1,411,409,152

39. 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	2011 RM	2010 RM
Bad debts written off	9	-	788,664
Provision of short term accumulating compensated absences	9	-	23,257
Provision for liquidated ascertained damages	9	-	8,125
Waiver of debts	7	-	(372,934)
Reversal of provision of tax penalty	7	(1,884,513)	-
		(1,884,513)	447,112

C Unallocated corporate expense of RM14,532,681(2010: RM39,734,574) were deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

D Additions to non-current assets consist of :

	Note	2011 RM	2010 RM
Property, plant and equipment	15	7,042,672	3,804,430
Intangible assets	16	92,046	1,716,123
		7,134,718	5,520,553

E The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2011 RM	2010 RM
Deferred tax assets	20	1,653,029	593,738
Tax recoverable		514,320	4,021,345
Inter-segment assets		(421,417,750)	(345,418,983)
		(419,250,401)	(340,803,900)

39. Segment Information (contd.)

F The following items were added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2011 RM	2010 RM
Loans and borrowings	29	1,228,718,615	1,175,905,408
Current tax payable		1,943,281	2,721,768
Deferred tax liabilities	20	8,451,721	870,440
Inter-segment liabilities		(1,374,270,434)	(1,266,562,372)
		(135,156,817)	(87,064,756)

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	
	2011 RM	2010 RM	2011 RM	2010 RM
Malaysia	289,927,264	269,711,708	1,220,042,802	1,249,726,309
Australia	-	-	70,345	-
	289,927,264	269,711,708	1,220,113,147	1,249,726,309

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

	Note	2011 RM	2010 RM
Property, plant and equipment	15	12,222,230	6,504,731
Intangible assets	16	111,059,109	118,579,509
		123,281,339	125,084,240

40. Subsequent Event

Proposed issuance of up to RM1,575 million in nominal value of Sukuk Murabahah

On 8 March 2012, the Company announced that ESSB has proposed to undertake the issuance of up to RM1,575 million in nominal value of Islamic securities ("Sukuk Murabahah") based on the Shariah principle of Murabahah via a Tawarruq arrangement ("Proposed ESSB Sukuk Murabahah Issue"). ESSB has mandated CIMB Investment Bank Berhad, Hong Leong Investment Bank Berhad and Kenanga Investment Bank Berhad as, amongst others, the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers in respect of the Proposed ESSB Sukuk Murabahah Issue. RAM Rating Services Berhad has assigned a long-term preliminary rating of AA_2 with a stable outlook to the Proposed ESSB Sukuk Murabahah Issue.

The proposal was approved by the Securities Commission Malaysia ("SC") on 7 March 2012.

Proposed ESSB Sukuk Murabahah Issue

(a) The Proposed ESSB Sukuk Murabahah Issue will have a nominal value of up to RM1,575 million.

(b) The Proposed ESSB Sukuk Murabahah Issue will be issued in one lump sum and in tranches with tenures of up to 16 years from the issuance date. The profit rates for each tranche of the Proposed ESSB Sukuk Murabahah Issue shall be determined prior to the issuance.

(c) The Proposed ESSB Sukuk Murabahah Issue will not be listed on any stock exchange.

(d) PB Trustee Services Berhad has been appointed as the trustee and security trustee in respect of the Proposed ESSB Sukuk Murabahah Issue.

(e) The Sukuk Murabahah are expected to be solely repaid via the concession payment received by ESSB from the Government (Note 19(b)).

Purpose of the Proposed ESSB Sukuk Murabahah Issue

(a) to refinance all of the amount outstanding under the existing ABBA Notes;

(b) to fund the Trustees' Reimbursement Account as required under the SC's Trust Deeds Guidelines effective on 12 August 2011; and

(c) the balance, if any, shall be utilised for the ESSB's general corporate purposes which shall include payments to defray expenses incurred in relation to the Proposed ESSB Sukuk Murabahah Issue and a one-time dividend payment and/or one-time interest-free inter-company loan (which shall be based on the Shariah principle of Qardh) ("Capital Distribution") to its holding company, ECISB, or its ultimate holding company, EB.

The proposals is pending the approval of the holders of the existing Notes.

41. Supplemental Information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011 and 31 December 2010 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:				
Realised	197,302	148,416	(2,364)	4,273
Unrealised	(4,670)	(307)	(234)	-
	192,632	148,109	(2,598)	4,273
Total share of retained profits from associated companies:				
Realised	-	-	-	-
	192,632	148,109	(2,598)	4,273
Less: Consolidation adjustments	(173,758)	(153,804)	-	-
Total group retained profits/ (accumulated losses) as per consolidated accounts	18,874	(5,695)	(2,598)	4,273

em·ploy·ee *noun* \im-ˌplȯ(i)-ˈē\

1: one employed by another

Examples of ***employee***

• A good boss listens to his employees.

We believe that in order to deliver our promise we need to take care of our people. An environment that nurtures the individual will yield a motivated team that believes in their product and other team members. Our people believe in delivering an experience that is Anything but Ordinary at all levels. To achieve this we are constantly exploring, experimenting and innovating new and exciting ways to work, develop new products and grow interpersonal relationships within the family that is Encorp.

List of Properties

Location Land	Description and Existing Use	Area (Sq. m.)	Net Book Value as at 31.12.11 (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 2457 – PT 2526 HS (D) 220816 – 220885, Shah Alam, (Seksyen U12) Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Commercial Properties under construction (99 years lease expiring on 31/03/2104)	10,935	2,532	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) 220882 – 221216, 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 31.12.11 (RM'000)	Year of Acquisition
Properties Under Development & Land Held for Development (contd.)				
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	11328	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
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

Analysis of Shareholdings as at 19 April 2012

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	80	2.55	729	0.00
100 – 1,000	342	10.91	286,260	0.13
1,001 – 10,000	2,069	66.00	8,813,515	4.04
10,001 – 100,000	535	17.07	16,158,996	7.41
100,001 – less than 5% of issued shares	105	3.35	58,730,005	26.93
5% and above of issued shares	4	0.13	134,133,031	61.49
Total	**3,135**	**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 (1)	30.55
Efeida binti Mohd Effendi	-	-	66,636,036 (2)	30.55
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-
Azhar bin Mohd Awal	-	-	40,000,000 (3)	18.34
Azman Hanafi bin Abdullah	-	-	40,000,000 (3)	18.34
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000 (4)	20.06
Taufiq bin Abdul Khalid	-	-	43,752,000 (4)	20.06

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

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

(3) Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

(4) Deemed interest by virtue of their substantial shareholdings in Pegang Impian Holdings Sdn. Bhd.

List of Director' Shareholdings

Directors	Shareholdings				
	Note	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		20,000	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 Securities Account Holders
(as at 19 April 2012)

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.	Robin Lo Bing	3,466,500	1.59
8.	Merit Icon Sdn. Bhd.	2,959,500	1.36
9.	Citiroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Libra)	2,924,600	1.34
10.	Ng Yoke Yen	2,441,600	1.12
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	2,434,600	1.12
12.	Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.04
13.	Siva Kumar A/L M Jeyapalan	1,900,000	0.87
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	1,227,900	0.56
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.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	800,000	0.37
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	777,000	0.36
20.	CIMSEC Nominees (Asing) Sdn. Bhd. CIMB Bank for Lim Geok Eng Mary (MY0955)	508,500	0.23
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dennis Chin Ching Chung	500,000	0.23
22.	Ee Beng Yee	471,500	0.22
23.	Lau Kueng Suong	454,800	0.21
24.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chuah Swee Huat (E-KLC)	374,900	0.17
25.	AIBB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Soo Pin @ Lim Ah Lek	370,400	0.17
26.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank NA, Singapore (Julius Baer)	363,900	0.17
27.	Amanahraya Trustees Berhad Public Smallcap Fund	351,000	0.16
28.	Lai Ming Chun @ Lai Poh Lin	348,500	0.16
29.	TA Securities Holdings Berhad IVT (DDG)	342,000	0.16
30.	OSK Nominees (Asing) Sdn. Berhad Maybank Kim Eng Securities Pte. Ltd. for Exquisite Holdings Limited	338,500	0.16
Total		**179,207,036**	**82.16**

Analysis of Redeemable Convertible Secured Loan Stocks (RCSLS) Holdings as at 19 April 2012

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	8	1.34	382	0.00
100 – 1,000	142	23.71	91,998	0.14
1,001 – 10,000	324	54.09	1,149,025	1.75
10,001 – 100,000	99	16.53	3,104,545	4.72
100,001 – less than 5% of issued RCSLS	23	3.84	12,587,675	19.16
5% and above of issued RCSLS	3	0.50	48,772,435	74.23
Total	**599**	**100.00**	**65,706,060**	**100.00**

List of Directors' RCSLS Holdings

		RCSLS Holdings			
Directors	Note	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 19 April 2012)

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	1,710,300	2.60
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for NG WAI YUAN (MY0867)	1,201,200	1.83
7.	Teo Yong Fong	1,066,200	1.62
8.	Robin Lo Bing	866,625	1.32
9.	Ng Yoke Yen	765,425	1.16
10.	Datuk (Dr) Philip Ting Ding Ing	569,500	0.87
11.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	524,100	0.80
12.	JF Apex Nominees (Tempatan) Sdn. Bhd. HUATAI FINANCIAL HOLDINGS (HK) LIMITED for Huatai HK SPC-Huatai Von Malaysia Fund Segregated Portfolio	416,200	0.63
13.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Diana Teo May Ling (MY0649)	383,100	0.58
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
16.	Ch'ng Chee Seng	268,100	0.41
17.	Chung May Min @ Chung May Lin	263,000	0.40
18.	Kiu Chiong Chin	255,825	0.39
19.	Suntharalingam A/L V Veluppillai	250,000	0.38
20.	Eu Mui @ Ee Soo Mei	220,000	0.33
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.	POH WEE HOW	128,000	0.19
25.	MAYBANK Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Gin Ang	121,200	0.18
26.	Ng Yok Lee	107,300	0.16
27.	Chang Teck Mack	100,000	0.15
28.	Public Invest Nominees (Tempatan) Sdn. Bhd. Pledge Securities Account for Koay Yan Wah (M)	100,000	0.15
29.	Wong Kui Toh	83,525	0.13
30.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Chau	80,250	0.12
Total		**61,723,885**	**93.94**

Analysis of Warrants Holdings as at 19 April 2012

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	36	5.89	1,378	0.00
100 – 1,000	247	40.43	138,599	0.42
1,001 – 10,000	224	36.66	718,498	2.19
10,001 – 100,000	85	13.91	2,731,761	8.32
100,001 – less than 5% of issued Warrants	16	2.62	4,876,576	14.84
5% and above of issued Warrants	3	0.49	24,386,218	74.23
Total	**611**	**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 19 April 2012)

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.	UOBM Nominees (Tempatan) Sdn. Bhd. TOIC Investments Ltd	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)	654,100	1.99
6.	Teo Yong Fong	533,100	1.62
7.	Ang Yook Chu @ Ang Yoke Fong	439,200	1.34
8.	Robin Lo Bing	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	165,800	0.50
15.	TA Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Charles Ross Mckinnon	129,900	0.40
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.	Kew Yuen Ching	100,000	0.30
23.	Lim Jiun Hsiung	89,700	0.27
24.	Tan Siong An	85,000	0.26
25.	Kuit See Boon	80,600	0.25
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.	Leong Khai Chet	64,400	0.20
30.	Seow Meh Foong	61,000	0.19

Total		**30,150,594**	**91.77**

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 2011, the accumulated losses and share premium account of the Company stood at RM2,597,558 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 19 April 2012 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 *(appointed on 3 October 2011)*	-	-	-	-	-	-	-	-
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	20,000	0.01	-	-	20,000	0.01	-	-
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 *(appointed on 3 October 2011)*	-	-	-	-	-	-	-	-	-	-	-	-
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	20,000	0.01	-	-	27,500	0.01	-	-	27,500	0.01	-	-
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 major shareholders in Encorp as at 19 April 2012 on the assumption that Shares are purchased from shareholders other than the major shareholders 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 [#]			
	Direct		Indirect		Direct		Indirect	
Major Shareholders	**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 [1]	30.55	-	-	66,636,036 [1]	33.13
Efeida binti Mohd Effendi	-	-	66,636,036 [2]	30.55	-	-	66,636,036 [2]	33.13
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-	40,000,000	19.88	-	-
Azhar bin Mohd Awal	-	-	40,000,000 [3]	18.34	-	-	40,000,000 [3]	19.88
Azman Hanafi bin Abdullah	-	-	40,000,000 [3]	18.34	-	-	40,000,000 [3]	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 [4]	20.06	-	-	43,752,000 [4]	21.75
Taufiq bin Abdul Khalid	-	-	43,752,000 [4]	20.06	-	-	43,752,000 [4]	21.75

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

	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	
Major Shareholders	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 [1]	30.55	-	-	91,624,550 [1]	28.93	-	-	91,624,550 [1]	31.61
Efeida binti Mohd Effendi	-	-	66,636,036 [2]	30.55	-	-	91,624,550 [2]	28.93	-	-	91,624,550 [2]	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 [3]	18.34	-	-	40,000,000 [3]	12.63	-	-	40,000,000 [3]	13.80
Azman Hanafi bin Abdullah	-	-	40,000,000 [3]	18.34	-	-	40,000,000 [3]	12.63	-	-	40,000,000 [3]	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 [4]	20.06	-	-	75,159,000 [4]	23.73	-	-	75,159,000 [4]	25.93
Taufiq bin Abdul Khalid	-	-	43,752,000 [4]	20.06	-	-	75,159,000 [4]	23.73	-	-	75,159,000 [4]	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.

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

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

[3] Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

[4] 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 19 April 2012 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	Scenario II
	No. of Encorp Shares	No. of Encorp Shares
Existing issued and paid-up share capital as at 19 April 2012	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 19 April 2012	(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 2011, the Company had not declared any Dividend.

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 2011 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 19 April 2012, 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 19 April 2012, the public shareholding spread of Encorp was 29.28% The public shareholding spread is expected to be reduced to 21.69% 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 Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of ENCORP BERHAD will be held at Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak on Thursday, 21 June 2012 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 2011 together with the Reports of the Directors and Auditors thereon.	(Ordinary Resolution 1)
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2011.	(Ordinary Resolution 2)
3.	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 3)
4.	To re-elect the following Directors who retire in accordance with Article 81 of the Articles of Association of the Company: (a) Dato Sri Mohd Effendi bin Norwawi (b) Dato' Kam Kok Fei	(Ordinary Resolution 4) (Ordinary Resolution 5)
5.	To re-elect Mr Yeoh Soo Ann who retires in accordance with Article 88 of the Articles of Association of the Company.	(Ordinary Resolution 6)
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 7)

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 8)
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 9)
9.	To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.	

By Order of the Board

Lee Lay Hong
(LS 0008444)
Company Secretary

Kuching
30 May 2012

Explanatory Notes to Special Business:

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

   The above Ordinary Resolution 8 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 8, 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 Eleventh Annual General Meeting held on 22 June 2011 and which will lapse at the conclusion of the Twelfth Annual General Meeting ("12th AGM") to be held on 21 June 2012.

   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 9 is intended to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 22 June 2011. 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.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 12th 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. 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 Twelfth Annual General Meeting of the Company.

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 Twelfth Annual General Meeting ("12th AGM") of the Company, to be held at Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak on Thursday, 21 June 2012 at 2.30 p.m. and at any adjournment thereof.

ORDINARY BUSINESS

		For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with Reports of the Directors and Auditors thereon.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2011.		
3.	To re-appoint Dato' Chew Kong Seng @ Chew Kong Huat, who shall retire pursuant to Section 129(6) of the Companies Act, 1965.		
4.	To re-elect Dato Sri Mohd Effendi bin Norwawi who shall retire in accordance with Article 81 of the Company's Articles of Association.		
5.	To re-elect Dato' Kam Kok Fei who shall retire in accordance with Article 81 of the Company's Articles of Association.		
6.	To re-elect Mr Yeoh Soo Ann who shall retire in accordance with Article 88 of the Company's Articles of Association.		
7.	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.		
SPECIAL BUSINESS			
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
9.	Proposed renewal of authority for share buy-back.		

(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 ______________ 2012.

Signature ________________________

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 12th 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. *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
ANYTHING BUT ORDINARY
(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