



(506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 31 MARCH 2018**

	Quarter & Year-to-date ended 31.03.2018 RM'000	Quarter & Year-to-date ended 31.03.2017 (Restated) RM'000
Revenue	57,752	73,073
Cost of sales	(18,541)	(37,686)
Gross profit	<u>39,211</u>	<u>35,387</u>
Other income	1,471	6,613
Selling and marketing expenses	(200)	(1,732)
Administrative expenses	(10,948)	(7,675)
Finance costs	(22,580)	(24,345)
Other expenses	(216)	(215)
Profit before tax	<u>6,738</u>	<u>8,033</u>
Income tax expense	(3,975)	(2,357)
Profit net of tax	<u>2,763</u>	<u>5,676</u>
Other comprehensive income/(loss)		
Foreign currency translation	1,579	(803)
Total comprehensive income for the year	<u>4,342</u>	<u>4,873</u>
Profit/(Loss) attributable to:		
Owners of the parent	3,509	5,854
Non-controlling interest	(746)	(178)
	<u>2,763</u>	<u>5,676</u>
Total comprehensive income/(loss) attributable to:		
Owners of the parent	5,088	5,051
Non-controlling interest	(746)	(178)
	<u>4,342</u>	<u>4,873</u>
Earnings per share attributable to owner of the parent (sen)		
Basic	<u>1.19</u>	<u>2.10</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	As at 31.03.2018	As at 31.12.2017 (Restated)	As at 01.01.2017 (Restated)
	RM'000	RM'000	RM'000
Assets			
Non-current assets			
Property, plant and equipment	6,096	6,258	6,878
Intangible assets	18,830	18,875	25,042
Investment properties	314,740	314,740	325,130
Investment in associate	30	30	-
Land held for property development	372,466	385,469	293,836
Trade and other receivables	801,590	814,222	866,693
Other investments	4,463	4,741	4,857
Deferred tax assets	31,750	9,548	9,774
	<u>1,549,965</u>	<u>1,553,883</u>	<u>1,532,210</u>
Current assets			
Property development costs	166,825	150,662	236,587
Inventories	99,009	101,687	100,132
Tax recoverable	5,014	11,823	5,185
Trade and other receivables	164,128	92,816	134,664
Other current assets	5,126	96,057	48,873
Other investments	116,807	118,331	113,267
Cash and bank balances	75,394	22,689	62,843
	<u>632,303</u>	<u>594,065</u>	<u>701,551</u>
Asset of disposal group classified as held for sale	97	97	23,087
	<u>632,400</u>	<u>594,162</u>	<u>724,638</u>
Total assets	<u>2,182,365</u>	<u>2,148,045</u>	<u>2,256,848</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018 (contd.)**

	As at 31.03.2018	As at 31.12.2017 (Restated)	As at 01.01.2017 (Restated)
	RM'000	RM'000	RM'000
Equity and liabilities			
Current liabilities			
Trade and other payables	237,888	233,082	209,277
Other current liabilities	93,073	102,924	30,326
Loans and borrowings	109,633	109,812	141,623
Income tax payable	19,455	1,400	2,692
	<u>460,049</u>	<u>447,218</u>	<u>383,918</u>
Liabilities directly associated with disposal group classified as held for sale	945	945	934
	<u>460,994</u>	<u>448,163</u>	<u>384,852</u>
Non-current liabilities			
Trade and other payables	300,652	300,610	334,434
Loans and borrowings	926,574	909,112	1,017,041
Deferred tax liabilities	2,553	2,910	3,538
	<u>1,229,779</u>	<u>1,212,632</u>	<u>1,355,013</u>
Total liabilities	<u>1,690,773</u>	<u>1,660,795</u>	<u>1,739,865</u>
Equity attributable to owners of parent			
Share capital	392,898	392,898	278,648
Share premium	-	-	104,302
Treasury shares	(327)	(327)	(327)
Other reserves	2,643	1,064	180
Retained earnings	10,723	7,214	43,318
	<u>405,937</u>	<u>400,849</u>	<u>426,121</u>
Non-controlling interest	85,655	86,401	90,862
Total equity	<u>491,592</u>	<u>487,250</u>	<u>516,983</u>
Total equity and liabilities	<u>2,182,365</u>	<u>2,148,045</u>	<u>2,256,848</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.38</u>	<u>1.44</u>	<u>1.53</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2018**

	← Non-distributable →					Distributable				
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrants reserves RM'000	Foreign currency translation reserve RM'000	Other reserves, total RM'000	Retained Profit RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2018 (Restated)	392,898	-	(327)	-	1,064	1,064	7,214	400,849	86,401	487,250
Total comprehensive income for the period	-	-	-	-	-	-	3,509	3,509	(746)	2,763
Other comprehensive income	-	-	-	-	1,579	1,579	-	1,579	-	1,579
At 31 March 2018	392,898	-	(327)	-	2,643	2,643	10,723	405,937	85,655	491,592
At 1 January 2017	278,648	104,302	(327)	-	180	180	39,199	422,002	90,862	512,864
Effect of the first-time adoption of MFRS	-	-	-	-	-	-	4,119	4,119	-	4,119
At 1 January 2017 (Restated)	278,648	104,302	(327)	-	180	180	43,318	426,121	90,862	516,983
Total comprehensive income for the period	-	-	-	-	-	-	5,854	5,854	(178)	5,676
Other comprehensive income	-	-	-	-	(803)	(803)	-	(803)	-	(803)
At 31 March 2017 (Restated)	278,648	104,302	(327)	-	(623)	(623)	49,172	431,172	90,684	521,856

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018**

	Year-to-date ended	
	31.03.2018	31.03.2017 (Restated)
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	6,738	8,033
Adjustments:		
Depreciation	171	169
Amortisation of intangible assets	45	46
Interest expenses	22,580	24,345
Gain on disposal of investment security	(103)	(292)
Distribution income from money market investment security	(908)	(685)
Interest income	(313)	(813)
Gain on disposal of land	-	(2,141)
Allowance for impairment on other receivables	-	185
Reversal of provision for liquidated and ascertained damages	(6,558)	-
Unrealized loss/(gain) on forex	3,044	(2,682)
Operating profit before working capital changes	24,696	26,165
Changes in working capital:		
Net changes in current assets	31,885	53,187
Net changes in current liabilities	1,555	(27,753)
Net changes in land held for property development and property development cost	(3,160)	12,566
Cash generated from operations:	54,976	64,165
Income tax paid	(1,670)	(7,367)
Interest paid	(1,781)	(2,064)
Net cash generated from operating activities	51,525	54,734
Cash flows from investing activities		
Interest received	313	890
Purchase of property, plant and equipment	-	(6)
Proceeds from disposal of land	-	25,000
Distribution income received	908	685
Withdrawal/(Placement in) of investment security	1,905	(35,062)
Net cashflow generated from/(used in) investing activities	3,126	(8,493)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

	Year-to-date ended	
	31.03.2018	31.03.2017 (Restated)
	RM'000	RM'000
Cash flows from financing activities		
Repayment of loans & borrowing	(3,505)	(46,852)
Withdrawal of deposits pledged	125	-
Drawdown from loans and borrowings	-	2,548
Net payment in finance lease payables	(11)	(10)
Net cashflow used in financing activities	(3,391)	(44,314)
Net decrease in cash and cash equivalents	51,260	1,927
Effect of exchange rate changes	1,579	(803)
Cash and cash equivalents at beginning of period	19,242	58,967
Cash and cash equivalents at end of period	72,081	60,091
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,826	2,794
- Licensed corporation	30	67
Cash and bank balances	72,538	61,030
	75,394	63,891
Add: Disposal group held for sale	97	242
Less: Bank overdrafts	(563)	(1,181)
Bank balances and deposits pledged / designated	(2,856)	(2,861)
Cash and cash equivalents at end of period	72,072	60,091

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

This condensed consolidated interim financial statements (“Condensed Report”) has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting, paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act 2016 in Malaysia that has become effective on 31 January 2017.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The Group with effect from 1 January 2018 has adopted the MFRS framework issued by the Malaysian Accounting Standards Board (“MASB”). This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

This Condensed Report which is covered by the MFRS framework and have applied the MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. Comparative figures, where applicable, have been restated as result of transition to MFRS framework. The financial effects of transition to the MFRS framework and any consequential changes in accounting policies as a result of the transition are presented on page 9 to page 12 of this report.

The Condensed Report, other than for financial instruments have been prepared under the historical cost convention. Financial instruments are carried at fair value in accordance to Malaysian Financial Reporting Standard (“MFRS”) 9 Financial Instrument: Recognition and Measurement.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A2. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the Condensed Report are consistent with those used in preparing the audited financial statements for the year ended 31 December 2017, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2018.

a) Standards Amendments and Annual Improvement to standards effective for the financial periods beginning on or after 1 January 2018

Description	Effective for annual periods beginning on or after
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB)	1 January 2018
MFRS 15 Revenue from Contracts with Customers (and the related Clarifications)	1 January 2018
Amendments to MFRS 2 Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4 Applying FRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
Amendments to MFRSs Annual Improvements to MFRS 2014 - 2016	1 January 2018

b) MFRS, IC Interpretations and Amendments to IC Interpretation but not yet effective

Description	Effective for annual periods beginning on or after
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint-Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Payments	1 January 2021
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A3. Effect of the transition to the MFRS framework

The financial impacts to the condensed report from the adoption of MFRSs are disclosed in the following tables.

a) Reconciliation of statement of comprehensive income

	Quarter & Year-to-date ended 31.03.2017 RM'000	Effect of Adoption of MFRS RM'000	Quarter & Year-to-date ended 31.03.2017 (Restated) RM'000
Revenue	70,145	2,928	73,073
Cost of sales	(31,389)	(6,297)	(37,686)
Gross profit	38,756	(3,369)	35,387
Other income	6,613	-	6,613
Selling and marketing expenses	(1,696)	(36)	(1,732)
Administrative expenses	(7,675)	-	(7,675)
Finance costs	(24,345)	-	(24,345)
Other expenses	(215)	-	(215)
Profit before tax	11,438	(3,405)	8,033
Income tax expense	(3,174)	817	(2,357)
Profit net of tax	8,264	(2,588)	5,676
Other comprehensive income			
Foreign currency translation	(803)	-	(803)
Total comprehensive income for the year	7,461	(2,588)	4,873
Profit/(Loss) attributable to:			
Owners of the parent	8,442	-	5,854
Non-controlling interest	(178)	-	(178)
	8,264	-	5,676
Total comprehensive income/(loss) attributable to:			
Owners of the parent	7,639	-	5,051
Non-controlling interest	(178)	-	(178)
	7,461	-	4,873

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A3. Effect of the transition to the MFRS framework (contd.)

b) Reconciliation of statement of financial position

	As at 31.12.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 31.12.2017 (Restated) RM'000	As at 01.01.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 01.01.2017 (Restated) RM'000
Assets						
Non-current assets						
Property, plant and equipment	6,258	-	6,258	6,878	-	6,878
Intangible assets	18,875	-	18,875	25,042	-	25,042
Investment properties	314,740	-	314,740	325,130	-	325,130
Investment in associate	30	-	30	-	-	-
Land held for property development	385,469	-	385,469	293,836	-	293,836
Trade and other receivables	814,222	-	814,222	866,693	-	866,693
Other investments	4,741	-	4,741	4,857	-	4,857
Deferred tax assets	9,548	-	9,548	9,774	-	9,774
	<u>1,553,883</u>	<u>-</u>	<u>1,553,883</u>	<u>1,532,210</u>	<u>-</u>	<u>1,532,210</u>
Current assets						
Property development costs	157,082	(6,420)	150,662	235,888	699	236,587
Inventories	101,687	-	101,687	100,132	-	100,132
Tax recoverable	10,067	1,756	11,823	5,185	-	5,185
Trade and other receivables	92,816	-	92,816	134,664	-	134,664
Other current assets	91,534	4,523	96,057	44,152	4,721	48,873
Other investments	118,331	-	118,331	113,267	-	113,267
Cash and bank balances	22,689	-	22,689	62,843	-	62,843
	<u>594,206</u>	<u>(141)</u>	<u>594,065</u>	<u>696,131</u>	<u>5,420</u>	<u>701,551</u>
Asset of disposal group classified as held for sale	97	-	97	23,087	-	23,087
	<u>594,303</u>	<u>(141)</u>	<u>594,162</u>	<u>719,218</u>	<u>5,420</u>	<u>724,638</u>
Total assets	<u>2,148,186</u>	<u>(141)</u>	<u>2,148,045</u>	<u>2,251,428</u>	<u>5,420</u>	<u>2,256,848</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A3. Effect of the transition to the MFRS framework (contd.)

b) Reconciliation of statement of financial position (contd.)

	As at 31.12.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 31.12.2017 (Restated) RM'000	As at 01.01.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 01.01.2017 (Restated) RM'000
Equity and liabilities						
Current liabilities						
Trade and other payables	233,082	-	233,082	209,277	-	209,277
Other current liabilities	102,924	-	102,924	30,326	-	30,326
Loans and borrowings	109,812	-	109,812	141,623	-	141,623
Income tax payable	99	1,301	1,400	1,391	1,301	2,692
	<u>445,917</u>	<u>1,301</u>	<u>447,218</u>	<u>382,617</u>	<u>1,301</u>	<u>383,918</u>
Liabilities directly associated with disposal group classified as held for sale	945	-	945	934	-	934
	<u>446,862</u>	<u>1,301</u>	<u>448,163</u>	<u>383,551</u>	<u>1,301</u>	<u>384,852</u>
Non-current liabilities						
Trade and other payables	300,610	-	300,610	334,434	-	334,434
Loans and borrowings	909,112	-	909,112	1,017,041	-	1,017,041
Deferred tax liabilities	2,910	-	2,910	3,538	-	3,538
	<u>1,212,632</u>	<u>-</u>	<u>1,212,632</u>	<u>1,355,013</u>	<u>-</u>	<u>1,355,013</u>
Total liabilities	<u>1,659,494</u>	<u>1,301</u>	<u>1,660,795</u>	<u>1,738,564</u>	<u>1,301</u>	<u>1,739,865</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A3. Effect of the transition to the MFRS framework (contd.)

b) Reconciliation of statement of financial position (contd.)

	As at 31.12.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 31.12.2017 (Restated) RM'000	As at 01.01.2017 (Audited) RM'000	Effect of Adoption of MFRS RM'000	As at 01.01.2017 (Restated) RM'000
Equity attributable to owners of parent						
Share capital	392,898	-	392,898	278,648	-	278,648
Share premium	-	-	-	104,302	-	104,302
Treasury shares	(327)	-	(327)	(327)	-	(327)
Other reserves	1,064	-	1,064	180	-	180
Retained earnings	8,656	(1,442)	7,214	39,199	4,119	43,318
	402,291	(1,442)	400,849	422,002	4,119	426,121
Non-controlling interest	86,401	-	86,401	90,862	-	90,862
Total equity	488,692	(1,442)	487,250	512,864	4,119	516,983
Total equity and liabilities	2,148,186	(141)	2,148,045	2,251,428	5,420	2,256,848

c) Reconciliation of statement of cash flows

There is no material difference between the statement of cash flows presented under MFRS Framework and statement of cash flows presented under FRS.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A4. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2017 were not subject to any qualification.

A5. Comments about seasonal or cyclical factors

The Group's performance is not affected by any seasonal or cyclical factors.

A6. Unusual items due to their nature, size or incidence

Foreign exchange loss

Included in the quarter's results is an unrealised foreign exchange loss of RM3.0 million. This unrealised loss is from the weakening of the Australian dollar against the Malaysian Ringgit on the translation of the amount due from a foreign subsidiary.

A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended 31 March 2018 except for the following:

a) Treasury shares

As at 31 March 2018, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

Total repayment of Sukuk Murabahah's principal and profit payment amounting to RM138.0mil had been remitted in the financial year 2017 whereas the next principal and profit payment amounting to RM67.0 million is scheduled in May 2018.

The Sukuk Murabahah was issued in May 2012 by a subsidiary company, Encorp Systembilt Sdn Bhd ('ESSB') to refinance the entire amount outstanding under Al-Bai' Bithaman Ajil Notes and to fund the Trustee' Reimbursement Account.

The Sukuk Murabahah is secured by the assignment of the contract Concession Payments, a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary and a first ranking charge and assignment of the designated accounts which include an Escrow Account and a Finance Service Reserve Account. ESSB is a special purpose vehicle and these Sukuk Murabahah raised do not have any financial recourse to the Group.

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(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A6. Debt and equity securities (cont'd)

c) Ordinary Shares

On the 7 September 2017, the company had issued 15,304,401 new ordinary shares via a Private Placement exercise and the issue price per share for the placement is RM0.65. The issuances of new ordinary shares in the exercise above represent the first tranche of the Private Placement exercise. Kindly refer to "B8. Status of corporate proposals" on page 21 for further elaboration on the private placement proposal.

A7. Dividend paid

No dividend was paid during the quarter ended 31 March 2018.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the quarter ended 31 March 2018 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Facilities management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	21,562	32,487	1,516	2,187	-	-	57,752
Inter-segment	2,118	-	-	349	-	-	(2,467)	-
Total Revenue	2,118	21,562	32,487	1,865	2,187	-	(2,467)	57,752
Results:								
Segment results	(4,874)	21,430	9,914	(402)	126	(685)	2,701	28,210
Interest income	719	993	2,415	-	3	-	(2,806)	1,324
Interest expense	(550)	(20,799)	(1,907)	(2,114)	-	(16)	2,806	(22,580)
Depreciation and amortisation	(140)	-	(19)	(30)	(1)	(1)	(25)	(216)
Profit/(Loss) before tax	(4,845)	1,624	10,403	(2,546)	128	(702)	2,676	6,738

* This segment represents Trading, Food and Beverage and Construction Contract Management divisions.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A9. Material events subsequent to the balance sheet date

There was no material events subsequent to the financial period ended 31 March 2018 up to the date of this report.

A10. Changes in the composition of the Group

There is no material change in the composition of the Group for the financial period ended 31 March 2018 up to the date of this report.

A11. Changes in contingent liabilities

	31.03.2018	31.03.2017
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	5,660	5,559
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	1,248
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	-	200
	<u>5,660</u>	<u>7,007</u>

A12. Capital commitments

There was no capital commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at the end of the financial period.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA**

B1. Performance review

a) Performance of the current quarter against the preceding year corresponding quarter (1Q18 vs. 1Q17).

The Group's quarterly revenue of RM57.8 million is 21% lower than the previous year's quarter's revenue of RM73.1 million due to the following:-

- i) Lower work progress in on-going projects compared to the previous corresponding quarter;
- ii) A decrease in sales recognised as compared to the previous corresponding quarter.
- iii) Decrease in concession revenue.

Correspondingly profitability is affected, resulting with a profit before taxation of RM6.7 million compared to the previous quarter's profit of RM8.0 million. The decrease is further exacerbated by the following:-

- i) Unrealised foreign exchange loss of RM3.0 million on the translation of the amount due from a foreign subsidiary because of the weakening of the Australian Dollar. This is opposite to a gain in unrealised foreign exchange of RM2.7 million in 1Q17.
- ii) Reduce in other income as compared to the previous corresponding quarter – 1Q17 where during that quarter a gain in disposal of RM2.1 million sale of a freehold land was registered.

The impact however of the factors affecting profitability as mentioned above has been offset by the decrease in administrative cost in 1Q18 compared to the administrative cost in 1Q17.

Further details of the performance are available under the segment review below.

Property Development

The division recorded revenue of RM32.5 million for the quarter 1Q18, as compared to revenue of RM46.9 million in 1Q17. This is a 31% or RM14.4 million decrease as compared to the corresponding quarter. The profit before tax for the division however has increased from RM7.8 million in 1Q17 to a profit before tax of RM10.4 million in 1Q18 which represents a 33% or RM2.6 million increase.

The decrease in revenue is because there is lower work progress as the Group's project in Johor was completed within the first month of the first quarter 2018. Additionally the other on-going property development project is at its initial stage hence the revenue recognition from that project has yet to commence. The increase in profit before tax however is from the reversal of provision of RM6.6 million which was previously provided for in FY2017.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B1. Performance review (contd.)

**a) Performance of the current quarter against the preceding year corresponding quarter
(1Q18 vs. 1Q17) (contd.)**

Investment Property

The revenue for investment property for 1Q18 is RM1.5 million as compared to RM1.4 million for 1Q17. This is an increase of RM0.1 million or a 5% increase in comparison to the corresponding quarter and the increase in revenue for the division is due to the increase in occupancy rate.

The management constantly reviews its efforts and plans in order to improve the occupancy rate as well as footfall traffic in the shopping mall despite the challenging retail environment.

Concessionaire

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. Accordingly, the Group is compensated in the form of interest as a result of the extended repayment period. The interest income from concession is recognised as revenue using the effective interest method.

The concession division recorded revenue of RM21.6 million in 1Q18 as compared to revenue of RM22.8 million respectively in 1Q17.

Facilities Management

For the quarter under review, the division recorded revenue of RM2.2 million and a profit before tax of RM0.13 million as compared to 1Q17 with revenue of RM2.0 million and profit before tax of RM0.01 million.

This is an increase of 10% or RM0.2 million in revenue and an increase of 1,200% in profit before tax. The increase of revenue and profit before tax is due to the two additional facilities management contract the division has managed to secure as compared to the previous corresponding quarter.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B2. Comparison with Immediate Preceding Quarter

Revenue for the Group for 1Q18 is RM57.8 million compared to revenue for 4Q17 of RM106.3 million. This is a decrease of RM48.5 million or by 46% and the decrease in revenue is from the property division as there is a decrease in work progress as the property development project in Johor was completed within the first month of the first quarter of 2018.

The profit before tax for 1Q18 is RM6.7 million against the loss before tax for 4Q17 of RM29.7 million. The increase in profit before tax between the two quarters is RM36.4 million or 123% and is because in 4Q17 a loss in fair value for its assets and the impairment to the intangible asset was recorded within that quarter. Additionally in 1Q18 there was a reversal of provision for the LAD of RM6.6mil.

B3. Commentary on prospects

According to Knight Frank, a leading property consultant in Malaysia the property market is expected to remain sluggish in the first half of the year. They also mentioned that the property market is expected to continue its lacklustre momentum from the second half of last year which as the performance was derailed by oversupplied position in the main sub-sectors such as high-end residential, office and retail. The property market will continue to self-correct as it looks to find its equilibrium. CBRE WTW also shares the same sentiment. They expect 2018 to be a 'flattish' market where volume may pick up driven by transactions of affordable housing and homes.

However the Valuation and Property Services Department ('JPPH') said that while the property market remains soft, the situation is improving. This is seen in the slower decline rate last year for both transaction volume and value.

Despite the mixed outlook for the sector and concerns over an overhang in supply in certain sub-sectors of the property market, the Group will continue to strive to develop attractive products and to constantly innovate in this challenging environment. If all goes accordingly, the Group intends to roll out its next phase at its flagship development at Cahaya Alam within the year.

Additionally, Encorp Marina Puteri Harbour project in Johor was completed on the 25th January 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B4. Variance from forecast profit and profit guarantee

Not applicable.

B5. Income tax expense

	Quarter & Year-to-date ended	
	31.03.2018	31.03.2017 (Restated)
	RM'000	RM'000
Income tax	(26,534)	(1,793)
Deferred tax	22,559	(564)
	<u>(3,975)</u>	<u>(2,357)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

The effective tax rate for the Group for the financial period is higher than the statutory tax rate because certain expenses are not allowable as deduction for tax purposes, and losses of certain subsidiaries which have not been used to set off against taxable profits made by other subsidiaries.

B6. Disposal of unquoted investments, assets and properties

There were no disposal of unquoted investments and/or properties for the financial period ended 31 March 2018.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial period ended 31 March 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B8. Status of corporate proposals

On the 27 February 2017, MIDF Amanah Investment Bank Berhad ('MIDF Investment') on behalf of the Board of Directors of Encorp had announced that the Company propose to undertake a private placement of up to 27,864,801 new ordinary shares in Encorp, representing ten per cent of the total number of issued shares of Encorp (excluding treasury shares).

MIDF Investment had also on 17 March 2017 on behalf of Encorp submitted the listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ('Bursa Securities') which was duly approved by Bursa Securities vide its letter dated 24 March 2017.

On the 8 September 2017, the first tranche of the Private Placement has been completed following the listing of and quotation for 15,304,401 Placement Shares on the Main Market of Bursa Securities. The issue price per share for the placement is RM0.65.

Bursa Securities has vide its letter dated 13 March 2018, approved the application for an extension of time until 23 September 2018 to complete the implementation of the Private Placement.

B9. Borrowings and debt securities

	As at 31.03.2018	
	Current	Non-current
	RM'000	RM'000
Secured		
Sukuk Murabahah	54,708	862,074
Term loan	13,501	64,500
Obligations under finance leases and hire purchases	11	-
Revolving credit	40,850	-
Bank overdraft	563	-
	<u>109,633</u>	<u>926,574</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B10. Changes in material litigation

On 11th April 2018, the Board of Directors of Encorp had announced that its subsidiary, Must Ehsan Development Sdn Bhd ('MEDSB') has served a Writ of Summon and Statement of Claim dated 6th April 2018 on Bumimetro Construction Sdn Bhd ('BCSB') to claim for liquidated damages for delay to complete the Project within the timeframe as stipulated in the agreement and for Qlassic penalty for failure to score a minimum score of 85%.

MEDSB is the employer who has awarded BCSB, the main contractor, for main building works construction project known as "Cadangan Satu Blok Pembangunan Bercampur (Fasa 4) Yang Mengandungi:- 1) 1 Tingkat Basement, 2) 3 Tingkat Pusat Membeli-Belah, 3) 5 Tingkat Tempat Letak Kereta, 4) 1 Tingkat Pusat Kemudahan Awam, 5) 34 Tingkat Pangsapuri Servis Di Atas Lot PB1, Pusat Bandar 1, Kota Damansara, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan" ('Project').

The Plaintiff's claims as set out under the Statement of Claim are as follows:

- a) the sum of RM24,630,000.00 for liquidated damages;
- b) the sum of RM3,000,000.00 for the Qlassic penalty;
- c) interest at the rate of 5% per annum on the sum of RM27,630,000.00 to be calculated from the date of judgement until the date of full settlement;
- d) costs; and
- e) order and/or other relief that the Court of Justice deems just and equitable.

The civil suit is fixed for case management on 7 May 2018 at Shah Alam High Court of Malaysia. Pending outcome of the Court's decision, it is too preliminary at this stage to ascertain the potential financial gain or loss that could arise from the Statement of Claim. None of the directors and/or major shareholders of Encorp and/or persons connected with them has any interest, direct or indirect in the civil suit proceeding.

On 7th May 2018 and with regards to the civil suit for case management fixed on the 7th May 2018, Encorp has announced that at the case management attended by Encorp's solicitors on that day, the Court has fixed the matter for a further case management on the 27th June 2018.

B11. Dividends

The Board of Directors did not recommend any dividend for the quarter ended 31 March 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B12. Profit for the period

	Quarter & Year-to-date ended
	31.03.2018
	RM'000
The profit/loss is arrived at after charging/(crediting):	
a) Interest income	(1,324)
b) Other income	(146)
c) Interest expense	22,580
d) Depreciation and amortisation	216
e) Employee benefits	4,116
f) Unrealised loss on foreign exchange	3,044
g) Reversal of provision for liquidated ascertain damages	(6,558)
h) Operating lease	
- premises	527
- equipment	42
- others	<u>8</u>

B13. Earnings per share ("EPS")

a) Basic EPS

	Quarter & Year-to-date ended	
	31.03.2018	31.03.2017
	(Restated)	
	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent	<u>3,509</u>	<u>5,854</u>
Weighted average number of ordinary shares in issue	<u>293,952</u>	<u>278,648</u>
Basic EPS (sen)	<u>1.19</u>	<u>2.10</u>

ENCORP BERHAD (506836-X)
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B13. Earnings per share ("EPS") (contd.)

b) Diluted EPS

At the date of this report the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial period is not presented.

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 May 2018.

By Order of the Board
ENCORP BERHAD (506836-X)

Lee Lay Hong
Company Secretary

25 May 2018