ENCORP BERHAD

ANYTHING BUT ORDINARY

(506836-X)

Growing in Strength

Encorp Grows In Strength

The Encorp group of companies has grown from strength to strength, building upon our skills and values to deliver innovatively crafted and designed products to the market place.

Encorp's growth in strength has not just focused on the number of projects we have embarked upon, but also in the quality of design and workmanship in our projects. We have focused on building meaningful personal relationships with our customers, by focusing on values and principles which are important to the community.

This is all part of the Encorp Experience; our desire to be 'Anything but Ordinary'. Being extraordinary in what we deliver, how we deliver and the manner of our delivery is the cornerstone of our approach to every single project we work on.

The contribution of our business to the community whose lives we touch is based on our aspiration to be better than the norm, to be great, to be remarkable. To be anything but commonplace. It is reflected in every facet of our organisation and shines through in all our deliverables.

We continue to climb on, to persevere, to continuously raise the bar and the standards of our delivery. This is our promise to our stakeholders, and to the market place.

Financial Calendar

Announcement of Quarterly Results

30 April 2013	Announcement of the audited year end 2012 Profit Before Tax as RM42.2 million
15 May 2013	Announcement of the first quarter of 2013 results with a Loss Before Tax of RM1.4 million
16 August 2013	Announcement of the second quarter of 2013 results with a Profit Before Tax of RM24.9 million
13 November 2013	Announcement of the third quarter of 2013 results with a Profit Before Tax of RM14.8 million

Dividend

24 April 2013	Announcement of the date of entitlement and payment of a single tier final dividend of 2% for the financial year ended 31 December 2012
26 June 2013	Date of entitlement to a single tier final dividend of 2% for the financial year ended 31 December 2012
10 July 2013	Date of payment to a single tier final dividend of 2% for the financial year ended 31 December 2012

14th Annual General Meeting

Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak on Wednesday, 25 June 2014 at 2.30 p.m.

Results Highlight

Percentage Increase

35%

Revenue (RM'000)	2012	2013
	396,515	536,435

Percentage Increase

145%

Profit Before Tax (RM'000)	2012	2013
	47,191	115,930[1]

[1] Including assets revaluation surplus

Percentage Increase

223%

Profit After Tax (RM'000)	2012	2013
	29,655	95,821[1]

[1] Including assets revaluation surplus

Recognition of a Growing Encorp Berhad

2010

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

Top 27 of StarBiz ICR Corporate Responsibility Awards 2010

2011

Winner of the Highly Commended Award
(Mixed-Used Development category for Malaysia)
Asia Pacific Property Awards 2011

Winner of Malaysia HR Awards 2011
Employer of Choice Award (Bronze)
HR Leader of the Year Award (Silver)

2012

Winner of Overall Excellence Award SCCI
Annual Corporate Report Award 2012

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

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

2013

Winner of the Asia's Outstanding Company on Corporate Governance
9TH Corporate Governance Asia Recognition Awards 2013

Winner of Overall Excellence Award
SCCI Annual Corporate Report Award 2013

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

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

Top 50 of Enterprise 50 (E50) Award 2013

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


FINALIST
2010
StarBizICR

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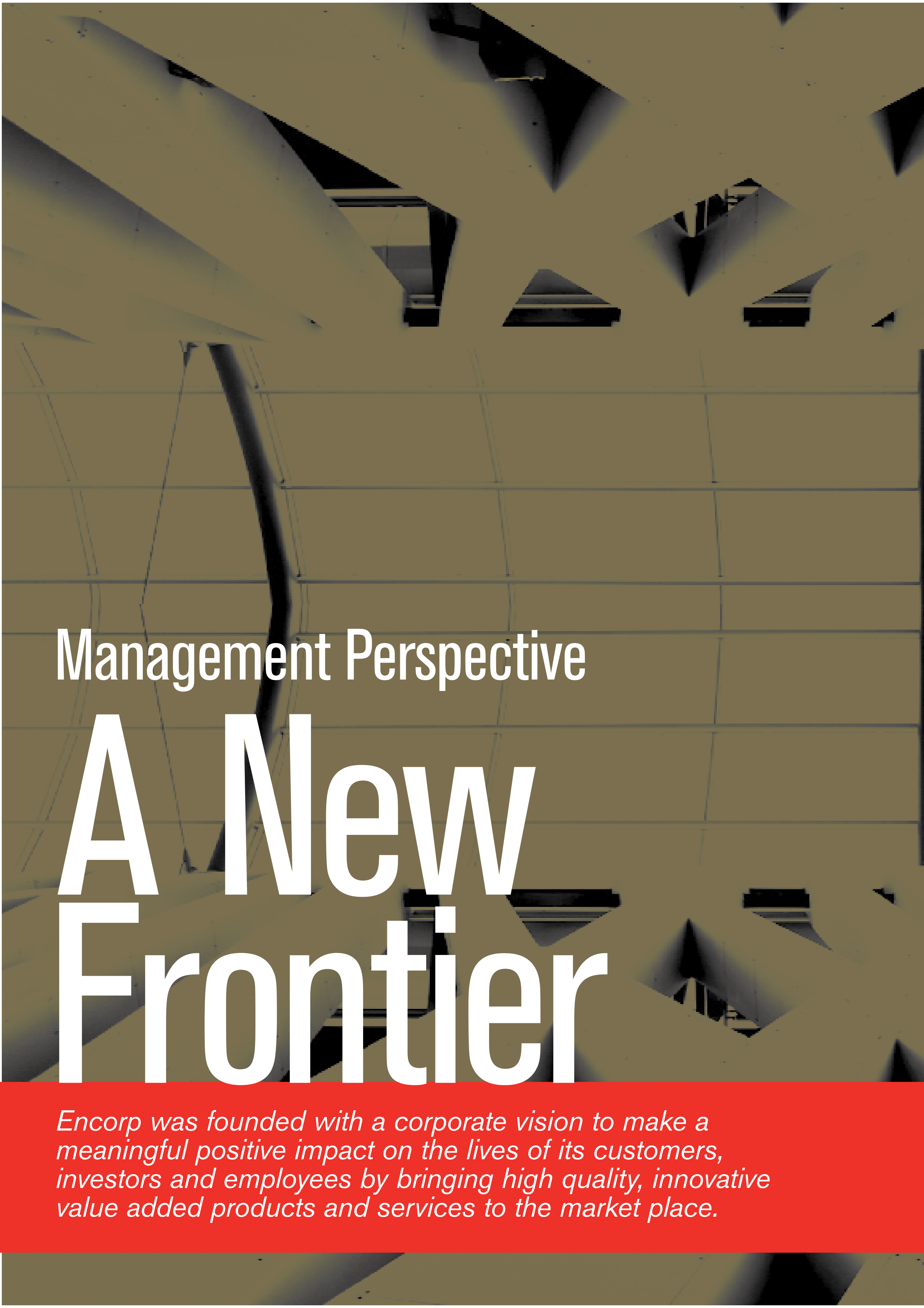
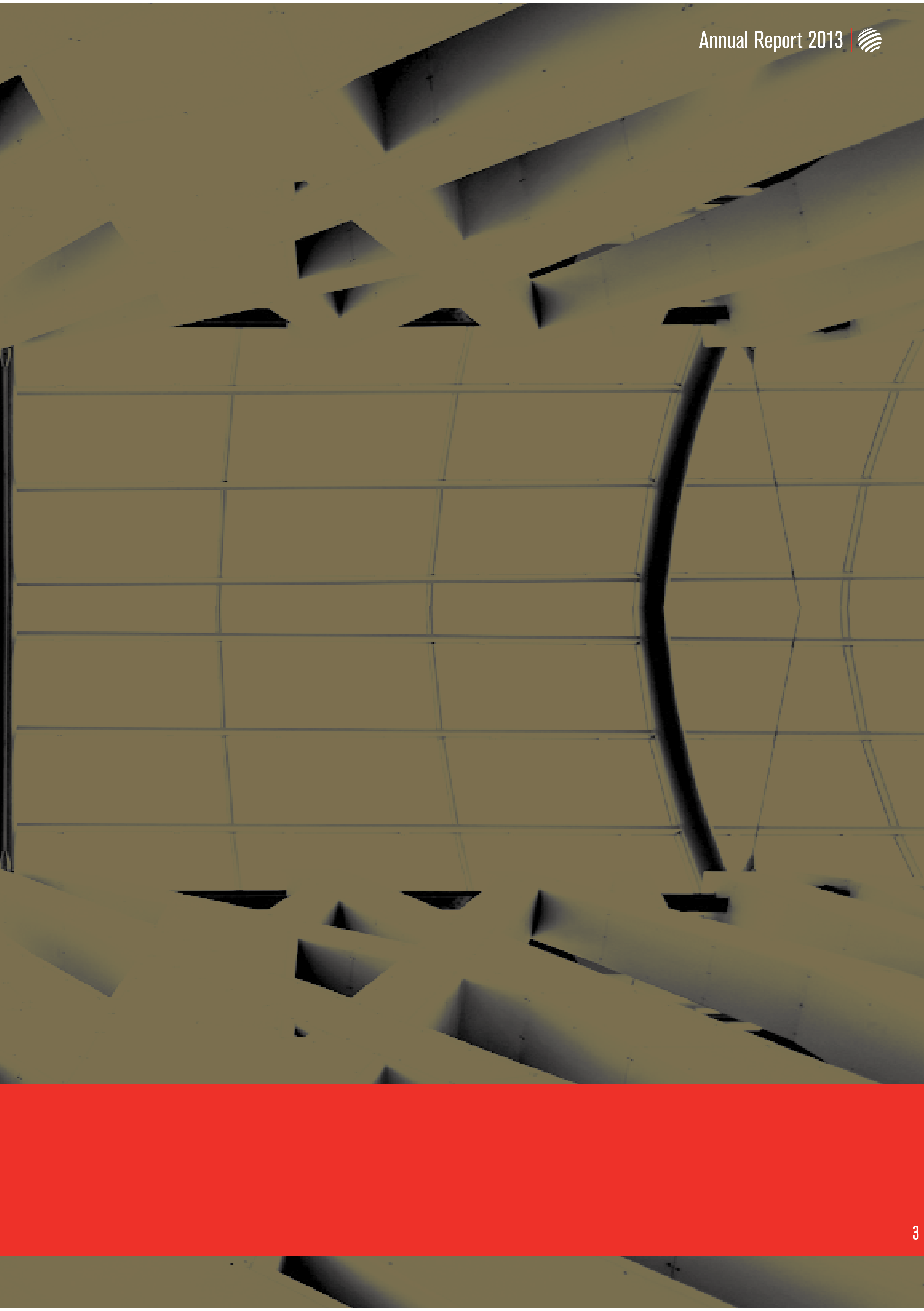


Management Perspective

A New Frontier

Encorp was founded with a corporate vision to make a meaningful positive impact on the lives of its customers, investors and employees by bringing high quality, innovative value added products and services to the market place.



Dear Valued Shareholder,

On behalf of the Board of Directors, I am pleased to present to you our Annual Report and Audited Financial Statements of Encorp Berhad for the financial year ended 31 December 2013.

The year 2013 has been a pivotal one for Encorp where many milestones were achieved. These have elevated the Company to new heights. Our team's unwavering focus on giving customers the highest quality and value has consistently resulted in buyers being able to benefit from the capital appreciation of their investment.

In our quest to be 'Anything But Ordinary', we have grown in strength to be the company customers rely on to deliver innovative products. Our belief has always been about bringing the Encorp Experience to all our customers. We don't just build properties, but also focus on various signature touch points through a world class customer relationship management system and provide value which far exceeds marketplace expectations in the interactions we have with our customers for all our products.

In my inaugural year in delivering this report, it is my great honour and privilege to take the place of Encorp founder Dato Sri Mohd Effendi Norwawi who has presented it to you in the past.

Message from the Chairman

A New Milestone

Throughout the years since inception, Encorp has stayed true to our central philosophy of delivering a consistently high quality product and focused on innovation. This is our unwavering commitment to unbeatable Quality, Standards, Value and Services (QSVS). The Encorp team's cutting edge concepts form a solid foundation for us to build value-added properties with innovative design, superior workmanship and finishing.

In Encorp's Good to Great (G2G) journey, 2013 was the year we aspired to achieve our vision of QSVS. I am pleased to report that the Encorp team has achieved a new milestone in the G2G journey which can be seen through the various awards we have been honoured with. Our commitment to Quality can be seen from being awarded a Quality Assessment System in Construction (Qlassic) rating score of 81 per cent for Frangipani at Encorp Cahaya Alam by the Construction Industry Development Board (CIDB). Our commitment to the highest Standards of corporate governance was recognised with being named winner of Asia's Outstanding Company on Corporate Governance at the 9th Asia Corporate Governance Recognition and Sarawak Chamber of Commerce and Industry's Overall Excellence Award (Main Winner) at the SCCI Annual Corporate Report Award 2013.

Our unstinting drive to provide the most Value is evident from Encorp Construct Sdn Bhd being awarded one of the Top 50 SMEs at the Enterprise 50 (E50) Awards 2013. And the quality of our Services is only possible with having a dedicated team of employees who work their hearts out day in, day out, all year long as evidenced by being named winner of the Employer of Choice Award (Bronze) and HR Leader of the Year Award (Bronze) at Malaysia HR Awards 2013.

Our undivided commitment to the highest levels of QSVS was evident in the completion and delivery of Encorp Cahaya Alam's multi-facade link houses Frangipani 1 in May 2013 and Frangipani 2 in November 2013. Frangipani 1 and Frangipani 2 continued to deliver the same high quality as shop-offices Magnolia and link houses Camellia 2 in previous years, with both developments being awarded a Qlassic score of 81 per cent by the CIDB. In 2012, Magnolia scored 75 per cent and Camellia 2 scored 83 per cent. Our consistently high Qlassic scores for Encorp Cahaya Alam is one of the main reasons for the appreciation in property prices for this development. We have also expanded the vision and delivery of our scope of work by expounding on new capabilities such as the building of a shopping mall, and not just limiting ourselves to residential developments.

A Credible Performance

It is my privilege to continue with Encorp's G2G journey, staying true to the ethos and principles the founder Dato Sri Mohd Effendi Norwawi set for us since Encorp's inception. Our focus is on business as usual, with the goal of continuing on the trajectory of Encorp's growth in strength with the diversity of developments we work on.

In line with our goal to deliver returns and value to our stakeholders, 2013 saw the Encorp team continue with efforts to provide the highest quality with the greatest value within innovative concepts for all our developments. Coupled with solid experience, expertise and the commitment and dedication of all Encorp employees, our delivery on our promises was the catalyst for the financial results.

For the financial year ended 31 December 2013, Encorp's Net Profit saw a three-fold increase from RM29.7 million in 2012 to RM95.8 million. This huge increase in profits is attributable to higher sales figures, progress of works achieved and the revaluation of identified assets in compliance with accounting standards on investment properties. This has been our best ever financial performance since the start of Encorp. It shows, above all else, that we have grown in strength of capability and delivery. This consistent growth is attributable to our commitment to QSVS in all our projects, which makes us a developer of choice in the Malaysian market.

A Growing Encorp

At Encorp, we have continued with our innovative approach to growth, as can be seen from our achievements in 2013. Our steadfast refusal to compromise on quality has continued to delight the market place, along with our innovative approach to building residential, commercial and offices for the discerning purchaser.

Construction on Encorp Strand Mall (ESM) was completed in 2013, and our team is confident that we have put together a unique lifestyle experience for astute urbanites to enjoy. At the same time, we handed over vacant possession of the eco-friendly Encorp Strand Garden Offices to purchasers in June 2013. By doing so, Encorp has set the scene for all five components of our unique integrated mixed development on 45.6 acres on prime land in Kota Damasara development to truly come alive. Thus within the next year, people will be able to enjoy the multi-faceted experiences of live, work and play offered with businesses operating out of the Business Suites at the Garden Offices, the thriving lifestyle experience at ESM and Red Carpet Avenue and the luxury residences at Encorp Strand Residences.

Similarly, the handover of homes at Encorp Cahaya Alam will see more families move into and enjoy 21st century community living features of this exquisitely designed development which has consistently scored high Qlassic ratings, keeping it one of the top developments in the Nation. With the success of Encorp Cahaya Alam, we have equipped ourselves with the capabilities and experience to tackle larger and bigger sized developments in the future.

A Clear Future

Living up to our core values, through the years Encorp has grown in the delivery of size and complexity of our products. Starting from low rise residential properties in our early years, we moved on to building business suites, and then on to high rise residential developments, Garden Offices with their sustainable green design features, and now a shopping mall.

In keeping true to our desire to continue maintaining strong corporate governance, accountability and transparency, Encorp also signed the Malaysian Corporate Integrity Pledge in January 2014 as a demonstration of our intent to create a sustainable business environment which is fair, transparent and corruption-free. Principles of ethics and sustainability are encoded into our corporate DNA which will benefit our staff, stakeholders and business partners.

It also signals our readiness to join the world arena in terms of delivery of products, services and corporate processes and systems. Our corporate future is bright with the promise of developments which are bigger in size and concepts which utilise the latest innovations in technology and lifestyle.

2014 also heralds Encorp's foray into the management of a shopping mall with the completion of Encorp Strand Mall (ESM). Slated for official opening in May 2014, Encorp's signature family neighbourhood mall will provide for shopping necessities in a beautiful environment which complements the needs of the community. ESM is bound to be a crowd-puller within its catchment population of 1.7 million in a 5km radius.

Interior | Encorp Strand Mall

The Encorp Experience

It continues to be our pleasure to share with the public the various touch points that the Encorp Experience holds for our customers. Regardless of whether we are building a home, an office or retail space, Encorp's overriding commitment is to delight people with our unique value propositions which focus on delivering a gold standard service. Thus, all our customers will find that within each of our developments, the Encorp Experience consistently delivers on engagement, executional excellence, an outstanding brand experience, meeting of our customers' needs and assisting people with their problems on site.

In 2013, we handed over vacant possession of 40 units of Frangipani 1, our 2 ½ storey multi-façade home in Encorp Cahaya Alam, and also the Encorp Strand Garden Offices, a showcase of modern business suites in Kota Damansara. The moment of handover was a truly special and meaningful one for both Encorp and our purchasers. For our purchasers, it is the sign of the materialisation of their investment, a moment they will remember forever. For Encorp, it's the moment when the Encorp team delivers on all the promises we have made. The experience of seeing the quality of the final product, and knowing beyond a shadow of a doubt that they have made a sound investment by choosing to purchase property from a developer who delivers on QSVS is a central part of the Encorp Experience that we aim to inspire in all customers.

A Shared Passion

The Encorp brand is only as good as its team and here, we have a corporate family who share a common purpose to continuously approach their work by employing an approach which is 'Anything But Ordinary'. Encorp's growth in strength and capabilities is clear from our delivery of projects and developments.

Our growth in size and experience, both in terms of the quantity and quality of the projects we embarked upon in 2013, is based on our team's strict adherence to employing an innovative approach to bring a wealth of value and quality in our delivery, with the sole aim of exceeding customers' expectations. It is this which makes us different from our competitors and is the key of our ability to achieve our goals year after year.

Acknowledgements

Continuing into 2014, I wish to thank our past Executive Chairman Dato Sri Mohd Effendi for laying a strong foundation for us to continue building upon for Encorp's future growth.

My appreciation is also extended to all stakeholders for their unwavering support of Encorp's G2G journey. A huge thank you also to my fellow Board Members for their support, advice and assistance to enable me to discharge my responsibilities as Chairman to bring the Group forward. Finally, my heartfelt thanks go to the Management Team and all Encorp staff members for their dedication in delivering their very best efforts in bringing the Encorp Experience to the world.

Together, I am confident that Encorp will continue with its onward and upward trajectory in growth to become one of the major players in the property development sector in the country.

Datuk Dr Hamzah Kassim
Non-Executive Chairman

Review from the Group CEO

The year 2013 saw a slower global economic growth at the beginning of the year, with the main drivers of economic activity changing. The result of this was new policy changes, especially for emerging and developing economies. However, just as the economies began showing signs of renewed growth, the continued commitment towards financial sector repair, fiscal consolidation and job growth had its impact on the economies of developing countries like Malaysia.

Even with challenges in our domestic economy, Malaysia has managed to maintained her strong footing in terms of economic development and growth. In the past decade, Malaysia has enjoyed unprecedented growth in property prices, especially in prices of homes. To a large part, this was attributed to steady economic growth, a stable political system and rising income levels within a growing middle-class population. The rise in prices of property however has resulted in the Government of Malaysia taking positive steps to slow down the price increases and to curb excessive speculation with its decision to raise taxes on property sales while Bank Negara stepped in to cap mortgage amounts to 70 per cent of a property's value for the third purchase.

These measures will come into effect in 2014. At Encorp we welcome this move as it has a long term benefit to the property sector and will ensure that the growth is sustainable. We have anticipated such moves and are focused on properties where the demand is real. As such, we managed to secure an order book of RM727.5 million which will sustain our revenue growth.

Within the Encorp community, our staff have showed their continued loyalty to the Company's vision and mission and above all, to continuously exceed customer expectations. Our confidence lies in the tested and true approach of our Good to Great (G2G) Journey, which has resulted in the Encorp brand

being synonymous with the highest Quality, Standards, Value and Services (QSVS). Encorp's excellent team of people shares a common corporate culture and values which hinge on innovation and value creation in the delivery of products and services. Our continuous efforts resulted in winning the Malaysia HR Awards 2013, improvement in Employee Engagement scores and improving turnover rate.

Our processes are imbued with the spirit of 'Anything But Ordinary' as we strive to make a difference in all we do. We build great from the ground up. In practice, this means thinking through all the phases of the project from conception to construction in full with the aim of delivering the best possible product for a unique end-user experience which exceeds expectations.

With the management buy-out in 2013, there has been a changing of the guards here in Encorp. Since the inception of Encorp by Dato Sri Mohd Effendi Norwawi in 1997, he has worked tirelessly on the goals and vision he had set for the Company. Having met his personal goals for Encorp, which is now poised for greater growth with quality projects in the pipeline along with a GDV of about RM3.5billion, Dato Sri Effendi has left Encorp with a solid foundation upon which the rest of us can build on in the coming years. These include the roadmap outlined in Encorp's Good to Great (G2G) journey, along with the criteria of excellence laid out in our QSVS.

The Encorp team will remain true to the vision and goals of our founder Dato Sri Mohd Effendi Norwawi. G2G will remain the cornerstone of our growth strategy as we harness the experience and skills we have developed through the years to continuously exceed market place expectations by coming up with products which embody Encorp's clarion call of 'Anything But Ordinary'.

In 2013, the Encorp team's commitment to this ethos has resulted a three-fold increase in profits. Profit Before Tax for the year 2013 stood at RM115.9 million in comparison to RM47.2 million recorded in the previous year. This was achieved on revenue of RM536.4 million for the 12 months of 2013, equivalent to a 35 per cent increase from 2012.

In line with Encorp's stellar financial performance, we have recommended a single-tier final dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2013, subject to the shareholders decision at the Annual General Meeting in June 2014.

Despite the challenges that this meant for our domestic economy, Malaysia maintained her strong footing in terms of economic development and growth.

Development Updates

1. Encorp Strand Kota Damansara

Encorp Strand Kota Damansara is our signature integrated development which offers Encorp's 'Anything But Ordinary' take on homes, offices and retail spaces.

In 2013, we completed construction of Encorp Strand Mall (ESM). Our confirmed list of tenants have already begun the process of moving into the mall and we look forward to our exciting tenant mix providing the community around Kota Damansara and surrounding areas with a plethora of shopping, lifestyle and entertainment options which will appeal to everyone in the family.

With the completion of ESM comes Encorp's next business expansion, namely in shopping centre management. In this regard, as we have done consistently before, we aim to bring new experiences and set new standards in the field of retail management. We will provide ESM customers with a Gold service standard in shopping, leading the way to another one of the unique touch points of the Encorp Experience. We have already signed on tenants to fill up our retail spaces in the mall and we are confident that we will soon be fully tenanted.

With the opening of ESM; Red Carpet Avenue, a 90 ft. wide and 800 ft. long covered climate controlled alfresco boulevard, will appeal to the outlying community, meeting their aspirations and expectations as an ideal place to enjoy delicious international cuisine and a perfect "plug and play" venue to host events, with facilities such as state-of-the-art sound system, specially designed lighting and fibre-optic cables.

The current works on the development of a MRT system in the area will further enhance the value and attractiveness of this development, resulting in even further appreciation of its market value.

Besides completing the mall, we also delivered vacant possession of Encorp Strand Garden Office. Businesses have already begun moving into these eco-friendly design offices which come with a number of sustainable features such as conservation of rain water, natural sun shading and heat insulation. As at now, 83 per cent of the office spaces have been purchased and we expect the rest of these unique sustainable green offices to be snapped up over the course of 2014.

Sales of the iconic Encorp Strand Residences which will complement the overall ESM experience have been encouraging. These serviced residences in a 34-storey tower attached to ESM comprise studio units, two and three bedroom apartments and a limited number of duplexes and penthouses. They come with exclusive facilities befitting luxury-end living such as a private pool, sky gardens and

Encorp Strand Mall

exclusive residence access to ESM. Encorp Strand Residences is expected to be completed by 2015.

2. Encorp Cahaya Alam

Encorp Cahaya Alam is our RM1.1 billion township in Shah Alam. The low density township was developed with the concept of community living in mind by integrating outstanding landscaping design elements with modern homes built for 21st century living.

In 2013, our works have continued on schedule with the handing over of 70 units of shop offices Magnolia, 40 units of multi-facade link houses Frangipani 1 and 42 units of Frangipani 2 to our buyers. We have completed construction of the multi-facade homes in Frangipani 3 and semi-detached homes in Lotus 1 and look forward to handing over these units to their owners in 2014. Construction works are continuing with Lotus 2 and Lotus 3, and I am pleased to report that we have fully sold Lotus 2 and almost fully sold Lotus 3.

Frangipani comprises unique multi-façade 2½-storey link homes which has given the neighbourhood a different kind of lift. With six different façades and roof forms in one block of link houses, Frangipani has created a varied and interesting architectural streetscape in true Encorp style. These homes obtained a Quality Assessment System in Construction (Qlassic) rating score of 81 per cent by the Construction Industry Development Board (CIDB).

The 2- and 3-storey semi-detached Lotus homes are based on the concept of offering a calm and peaceful retreat away from the city, with architecture kept in harmony with nature. It features an extensive built-up layout of 40 ft. x 80 ft., with the 3-storey Lotus homes features a family-cum-recreational space on the second 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's growth in strength as a property developer 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 also see many repeat buyers as they have experienced the quality and value of their purchases.

With the idea of adding value for our puchasers, Encorp has also committed RM4.5 million towards building a community hall for residents in the township. The community hall is built to accomodate a surau, kindergarten, community-centre facilities for recreation and a tuition centre.

The central theme of the community hall design very much reflects that of the overall township of Encorp Cahaya Alam. Our design plans are centred around an open concept, which is spacious, bright, airy and includes carefully thought out details like louvered windows to encourage natural ventilation and central courtyards to enhance the aesthetic appeal to the Encorp Cahaya Alam community. We have also kept the development eco-friendly by building a rain water harvesting tank for landscape watering.

A significant addition at the community centre is the tuition centre we will be building. Founded as it is in our belief that children are our future, this is one of the ways Encorp is giving back to the community, by supporting the educational needs of children. We will be building 4 classrooms which can accommodate up to 25 children per class. There will be a central courtyard with a playground for children, and a spacious communal dining area. Works have already begun on these facilities and we expect to complete these in 2015.

Our efforts to bring value to all our developments have resulted in an exponential increase in the market value of our properties, making them a desirable investment for purchasers. Independent news reports have indicated that Encorp Cahaya Alam properties have appreciated with an average price increase of about 50 per cent within a 2 year period. Camellia 2 purchasers enjoyed the value appreciation of almost 66 per cent in 2013.

In order to bring more value to purchasers, we have also incorporated a commercial parcel known as Magnolia, which will be strategically located in the heart of the township. We have now fully completed the Magnolia parcel in Encorp Cahaya Alam. Our focus in 2014 will be on the remaining 90-odd acres of the development of larger terrace homes and zero-lot bungalows.

Encorp Strand Kota Damansara is our signature integrated development which offers Encorp's 'Anything But Ordinary' take on homes, offices and retail spaces.

Construction

One of Encorp's strategies to increase revenue growth is to focus on winning more construction projects under Encorp Construct Sdn Bhd, a wholly owned subsidiary of Encorp Berhad. With all the experience we have garnered from the building of Encorp signature developments, our team is able to harness the knowledge and skills and effectively transfer them to constructing buildings of the highest standards and quality.

2013 saw Encorp win tenders on contracts beyond the Group's existing developments, which presented an important step towards expanding Encorp's horizon and building on our reputation as a credible construction outfit. Among the projects which we won were Mansion Park, The Manhattan, CBD Perdana 3 and Verde@Ara Damansara. These new contracts are for the construction of high and low rise residential properties located in Klang Valley, Puteri Harbour in Nusajaya and Kuala Terengganu. Our construction sector has work slated for the next four year period and corresponds to an increase in our order book by RM900 million. They are expected to contribute to Group profits in the coming financial years.

The projects Encorp Construct Sdn Bhd won through tenders in 2013 are:

1. Mansion Park Cyberjaya, a RM42.7 million project situated in Cyber Heights Villa, Cyberjaya. The project comprises 72 units of 3-storey superlink signature villas, guard house and an administrative office. Expected completion date is 2015.

2. The Manhattan Residence, a RM69.9 million project in the heart of Kuala Lumpur city centre. The project comprises 129 units of 30-storey serviced apartment and is expected to be completed by 2015.

3. Central Business District (CBD) Perdana 3, a RM114.0 million project in the heart of Cyberjaya's central business district. The project comprises of office suites, retail lots, car-park podium, small office home office (SOHO) and commercial space. Expected completion date is 2015.

4. Verde, a RM180.8 million high rise condominium comprising 4 towers and 409 suites. Located in Ara Damansara, the expected date of completion is in 2015.


Encorp Strand Garden Office

5. Kuala Terengganu City Council Administrative Complex, a RM63.1 million project located at Southern Breakwater, Kuala Terengganu. Construction of the administrative complex building and surrounding facilities is expected to be completed in 2016.

6. Pearl Suria on Old Klang Road in Kuala Lumpur, a RM101.6 million project comprising 18 levels of 403 apartment units, 4 levels of retail space and a 6 storey car park with a pedestrian link bridge. The expected completion date is 2015.

External Validation of Encorp's Team Effort

At Encorp, we believe that transparency, accountability and integrity are important hallmarks of corporate governance and a valuable business partner. Our adherence to the highest principles of ethics is an extension of Encorp's QSVS. It explains Encorp's consistent record in delivering returns and value to our shareholders. The result of our achievements as a consequence of our practice of our beliefs has been recognised by external validations of our efforts. Thus, in 2013, we were honoured with a number of local and regional awards. These include being named:

- Winner of Asia's Outstanding Company on Corporate Governance at the 9th Asia Corporate Governance Recognition;
- Winner of 1st Asian Company Secretary of the Year Recognition Awards 2013;
- Winner of Overall Excellence Award at the Sarawak Chamber of Commerce and Industry's Annual Corporate Report Award 2013;
- Winner of Employer of Choice Award (Bronze) and HR Leader of the Year Award (Bronze) at the Malaysia HR Awards 2013; and
- Encorp Construct Sdn Bhd was awarded one of the Top 50 SMEs at the Enterprise 50 (E50) Awards 2013.

A primary focus of Encorp's efforts over the past few years has been in creating value through developing sustainable property. Efforts such as Encorp Strand Garden Offices and Encorp Marina Puteri Harbour are in line with our long term development strategy which recognises that sustainability and green buildings are a new market force in the field of commercial properties. It requires a clear understanding of green features as property characteristics which form the core of any urban building design. Green buildings have an undeniable impact on the value of commercial real estate, with more people citing it as a critical business issue as it emphasizes energy efficiency and lower building operating costs. Increasingly Socially Responsible Investing (SRI), Corporate Social Responsibility (CSR) and climate change related risk are becoming factors investors must consider. Thus, the certification of a provisional Green Building Index (GBI) for Encorp Marina Puteri Habour in 2013, Malaysia's industry recognised green rating tool was in tandem with our business strategy. All 571 luxury apartments in the 2 gleaming tower blocks of 30 and 35 stories were designed and built with full efforts to comply with the criteria for GBI certification.

Moving Forward in 2014

For 2014, we have a range of plans which will be rolled out, along with continuation of works on existing projects and developments. We are confident our dynamic pattern of growth will be sustained with expected revenue growth from progress billings for sales generated from Encorp's property development projects which have been launched to date, namely Encorp Marina Puteri Harbour in Nusajaya, Encorp Cahaya Alam in Shah Alam and Encorp Strand Residence in Kota Damansara.

On the cards in 2014 is the launch of the Enclave Seaview Residences in the prime real estate location of Batu Feringghi, Penang. Located on 5.8 acres of freehold land by the seaside, Enclave Seaview Residences promises to be another one of Encorp's signature developments. A boutique development of resort homes overlooking the ocean with a gross development value of RM212 million, these 87 low-rise units of hillside sea-view villas are an exquisitely designed architectural masterpiece inspired by the Santorini tradition reminiscent of a traditional Greek village.

The structures will be built to work with the natural contours of the site, exploiting the distinctive landscape to offer owners glorious views of the brilliant sapphire Indian Ocean. Its design centres around seamless indoor-outdoor living spaces which feature details such as connecting walkways, landscaped public courtyards, fountains and lush green gardens.

As with our other developments, Encorp plans to build it according to the high Qlassic standards and in conformance with GBI certification criteria.

In 2014, we will also be launching our much anticipated Cascade Glades in Encorp Cahaya Alam. The 232 units of 2- and 3- storey terrace homes will be built within a guarded community nestle within exquisitely landscaped with lush cascading gardens. It features a built-up layout of 24 ft. x 80 ft.

Most of all, the Encorp team is excited at the grand launch of ESM in May 2014. Finally, after years of working on our grand design for a one-of-a-kind integrated development, we will be in a position to showcase the various unique and exciting facets that our jewel of a development in Kota Damansara has to offer. We have a host of exciting activities lined up, along with a complete lifestyle experience which includes the trendy alfresco dining area of Red Carpet Avenue (RCA), with its diverse range of both local and international cuisine outlets.

2014 promises to be another exciting year for us and along with the rest of the Encorp team, I look forward to delivering on all our promises in the coming year. In the meantime, I present to you a detailed account of our activities in 2013.

Yeoh Soo Ann
Group Chief Executive Officer

The Residences on McCallum Lane, Perth

The Residences on McCallum Lane, Perth

Corporate Report

A Tribute to Growth

The year 2013 has been a pivotal one for Encorp where many milestones were achieved.

Vision

ENCORP aspires to be an organisation of happy, highly motivated and well-trained individuals whose aim is to deliver unbeatable quality, standards, value and service in everything ENCORP BERHAD does and to make a difference to our community.

Mission

EB Good 2 Great From Now!

Core Values

- **Ethical**

  We will always do the right thing.

- **Relationship**

  We will work hard to develop mutual trust and respect among ourselves and between us and our customers.

- **Success**

  We will work hard to ensure Encorp Berhad will operate as an efficient, profitable, fast growing and well run organisation.

- **Learning**

  We will always be willing to grow, inquire and develop new ideas. A learning organisation must have learning individuals - unless individuals learn, the organisation cannot progress.

Encorp Values

Corporate Profile

Encorp Strand Business Suites

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

Encorp was founded with a corporate vision to make a meaningful positive impact on the lives of its customers, investors and employees by bringing high quality, innovative value added products and services to the market place.

In its mission to transform itself from a Good to Great (G2G) company, Encorp has drawn up a roadmap which focuses its corporate commitment towards the highest Quality, Standards, Value and Service (QSVS) all aspects of its portfolio delivery, with the sole aim of exceeding our customer expectations.

Since inception, Encorp, along with its 15 subsidiary companies, has grown in strength, through the delivery of high-quality commercial and residential developments in Malaysia and Australia. The Encorp brand is recognised for its sterling portfolio of award-winning commercial and residential developments, having won the Asia Pacific Property Awards for its signature mixed integrated development of Encorp Strand Kota Damansara.

Besides Encorp Strand, Encorp's current signature property developments are Encorp Cahaya Alam in Shah Alam, Enclave Seaview Residences in Batu Ferringhi, Penang, Encorp Marina Puteri Harbour in Iskandar Malaysia, and The Residences on McCallum Lane in Perth, Australia.

Encorp also practises high standards of corporate governance and transparency, and its strict adherence to these standards have also resulted in regional awards in this area such as the award for Asia's Outstanding Company on Corporate Governance at the Corporate Governance Asia Recognition Award 2013 and the 1st Asian Company Secretary of the Year Awards 2013.

Encorp has also has spent a consideration portion of its resources and skills in designing and constructing environmentally conscious buildings which adhere to criteria required for Green Building Index certification as it firmly believes in a sustainable approach towards development. One of Encorp's landmark development, Encorp Marina Puteri Harbour in Iskandar Malaysia, have received a provisional GBI certification. Since 2011, Encorp has been producing a biennial Sustainability Report as part of its ongoing commitment in this area.

Encorp's wholly-owned construction subsidiary Encorp Construct Sdn Bhd is a certified Contractor Class A under Contractor Service Centre (PKK), OSHMS MS 1722:2011:2005, OHSAS 18001:2007 and EMS ISO 14001:200 by the National Institute of Occupational Safety and Health Certification Sdn Bhd (NIOSH) for its environmental management system standards. It also possesses a Grade G7 and 4-Star status with the Construction Industry Development Board (CIDB) which places it at par with other larger construction companies.

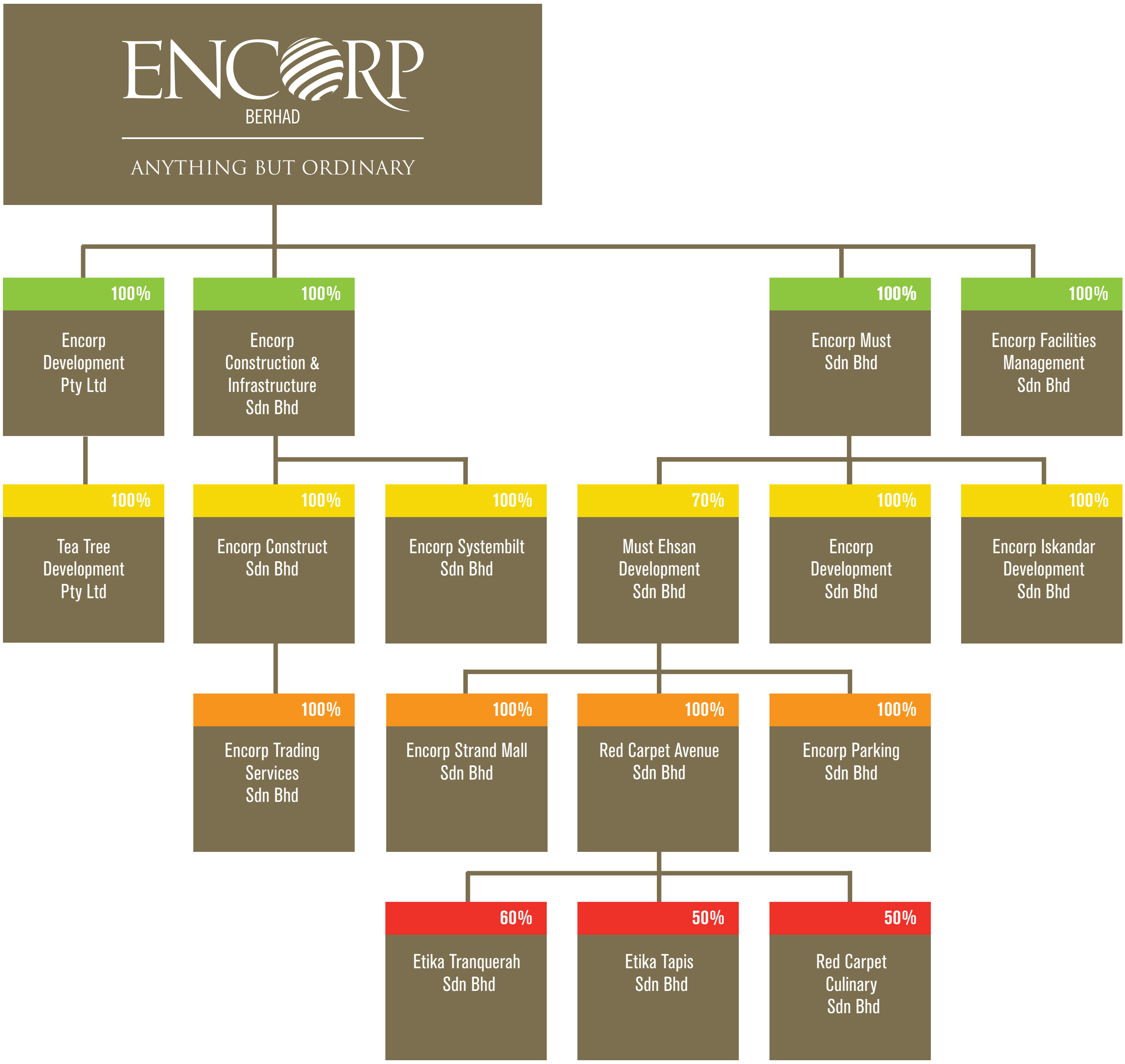
Encorp's subsidiary companies have received a number of recognised industry certifications as a recognition and validation of its commitment towards quality. We are a Quality Assessment in System Construction (QLASSIC) Compliance company, and we take pride in ensuring that all our developments through our ethos of QSVS adhere to the highest standards of contractual standard practises.

Encorp has successfully designed and built development with Industrialised Building System (IBS) in Malaysia, a technology that helps reduce construction time, costs and manpower utilisation, as evidenced by our success in completing the National Teacher's Housing Project – the largest privatisation project using IBS undertaken for the Ministry of Education Malaysia in 2004.

Additionally, Encorp's subsidiary Encorp Must Sdn Bhd received the ISO 9001:2008 certification, while another subsidiary Encorp Construct Sdn Bhd upgraded its certification from ISO 9001:2000 to ISO 9001:2008, reflecting Encorp's commitment to providing unbeatable QSVS. Both these subsidiaries, which represent our core businesses of development and construction, have been awarded the ISO Quality Management certification.

With these achievements and recognition serving as a strong foundation, Encorp will continue with its onward momentum in expanding its presence regionally and globally, through the development of commercial and residential properties which represent our passionate commitment towards QSVS in delivering innovative, value driven and value added developments for our customers, investors and employees.

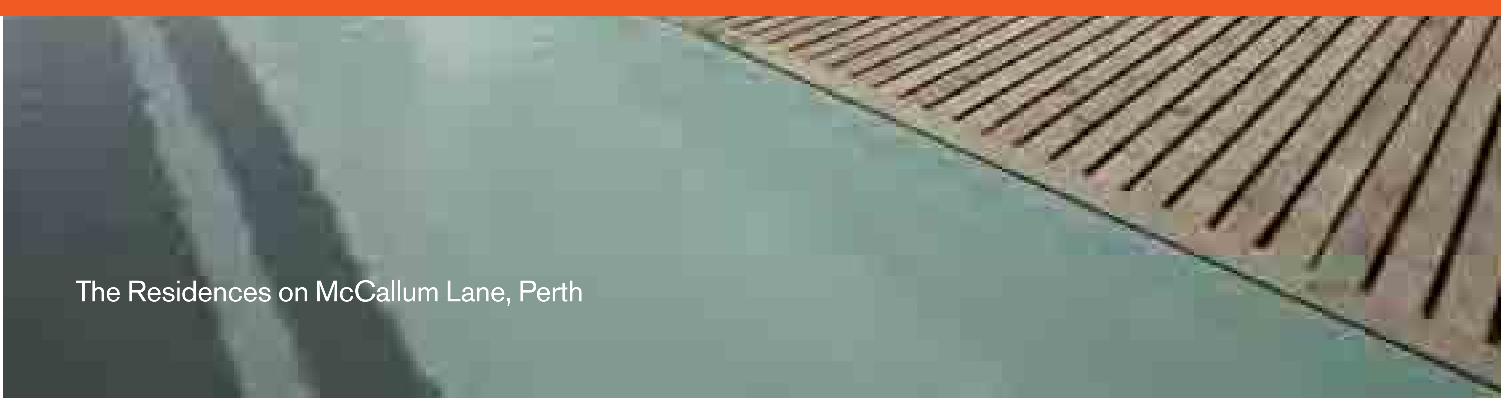
In its mission to transform itself from a Good to Great (G2G) company, Encorp has drawn up a roadmap which focuses its corporate commitment towards the highest Quality, Standards, Value and Service.



Corporate Structure

Subsidiary Company	Percentage (%)	Principal Activity	Place of Incorporation
Encorp Must Sdn Bhd	100	Investment Holding and Property Project Management	Malaysia
Must Ehsan Development Sdn Bhd	70	Property Development	Malaysia
Encorp Strand Mall Sdn Bhd	100	Property Investment	Malaysia
Encorp Parking Sdn Bhd	100	Property Investment	Malaysia
Red Carpet Avenue Sdn Bhd	100	Investment Holding	Malaysia
Etika Tranquerah Sdn Bhd	60	Food & Beverage	Malaysia
Etika Tapis Sdn Bhd	50	Food & Beverage	Malaysia
Red Carpet Culinary Sdn Bhd	50	Food & Beverage	Malaysia
Encorp Development Sdn Bhd	100	Property Development	Malaysia
Encorp Iskandar Development Sdn Bhd	100	Property Development	Malaysia
Encorp Construction & Infrastructure Sdn Bhd	100	Investment Holding	Malaysia
Encorp Systembilt Sdn Bhd	100	Concessionaire for the design, construction and completion of 10,000 units of teachers' quarters	Malaysia
Encorp Construct Sdn Bhd	100	Property Construction	Malaysia
Encorp Trading Services Sdn Bhd	100	General Trading	Malaysia
Encorp Development Pty Ltd	100	Property Development	Australia
Tea Tree Development Pty Ltd	100	Dormant	Australia
Encorp Facilities Management Sdn Bhd	100	Facilities Management Service Provider	Malaysia

Corporate Information



The Residences on McCallum Lane, Perth

Board Of Directors

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

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

Mohd Ibrahim bin Masrakin
Chief Operating Officer
Non-Independent Executive Director

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

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

Datuk Fong Joo Chung
Independent Non-Executive Director

Dato' Feroz bin A S Moidunny
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

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: encare@encorp.com.my

Share Registrar

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

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

Principal Bankers

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

Auditors

Ernst & Young *(AF: 0039)*

Solicitors

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

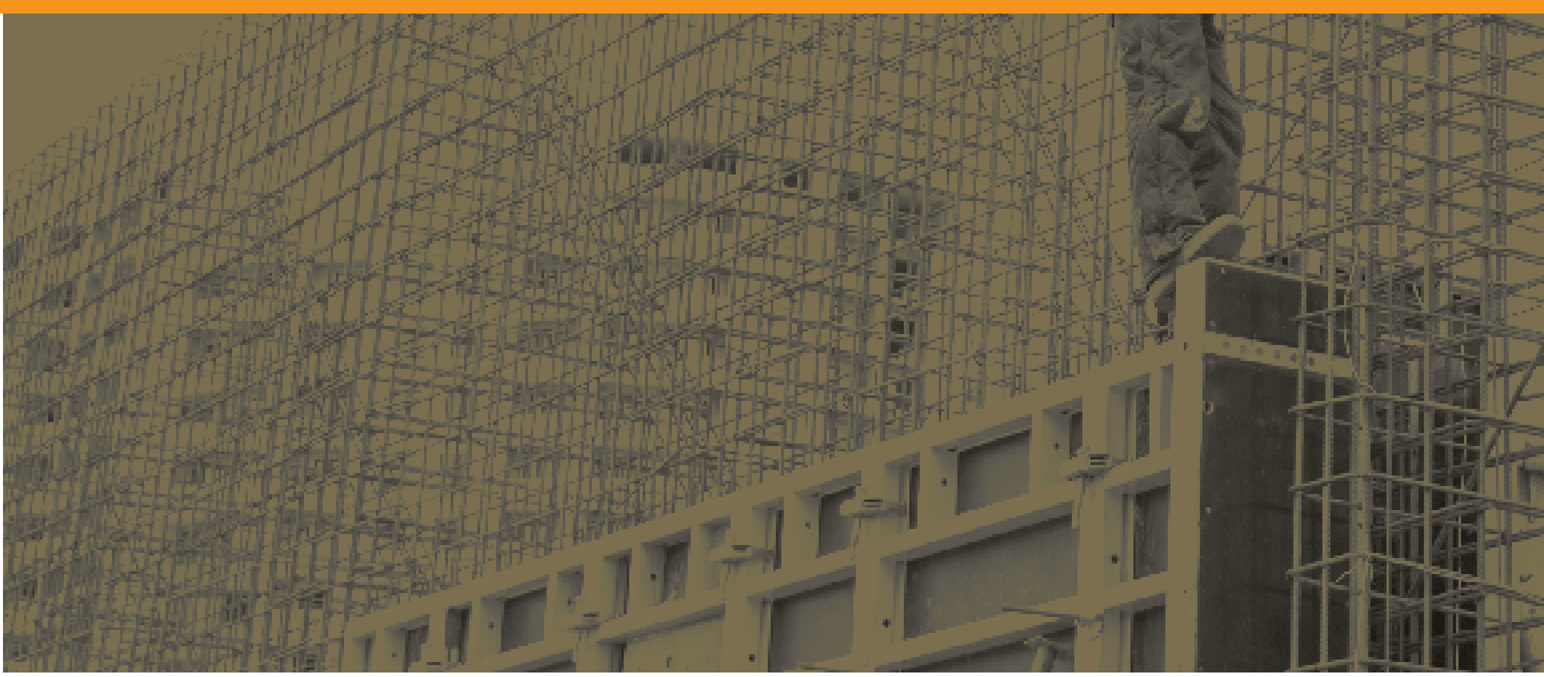
Stock Exchange Listing

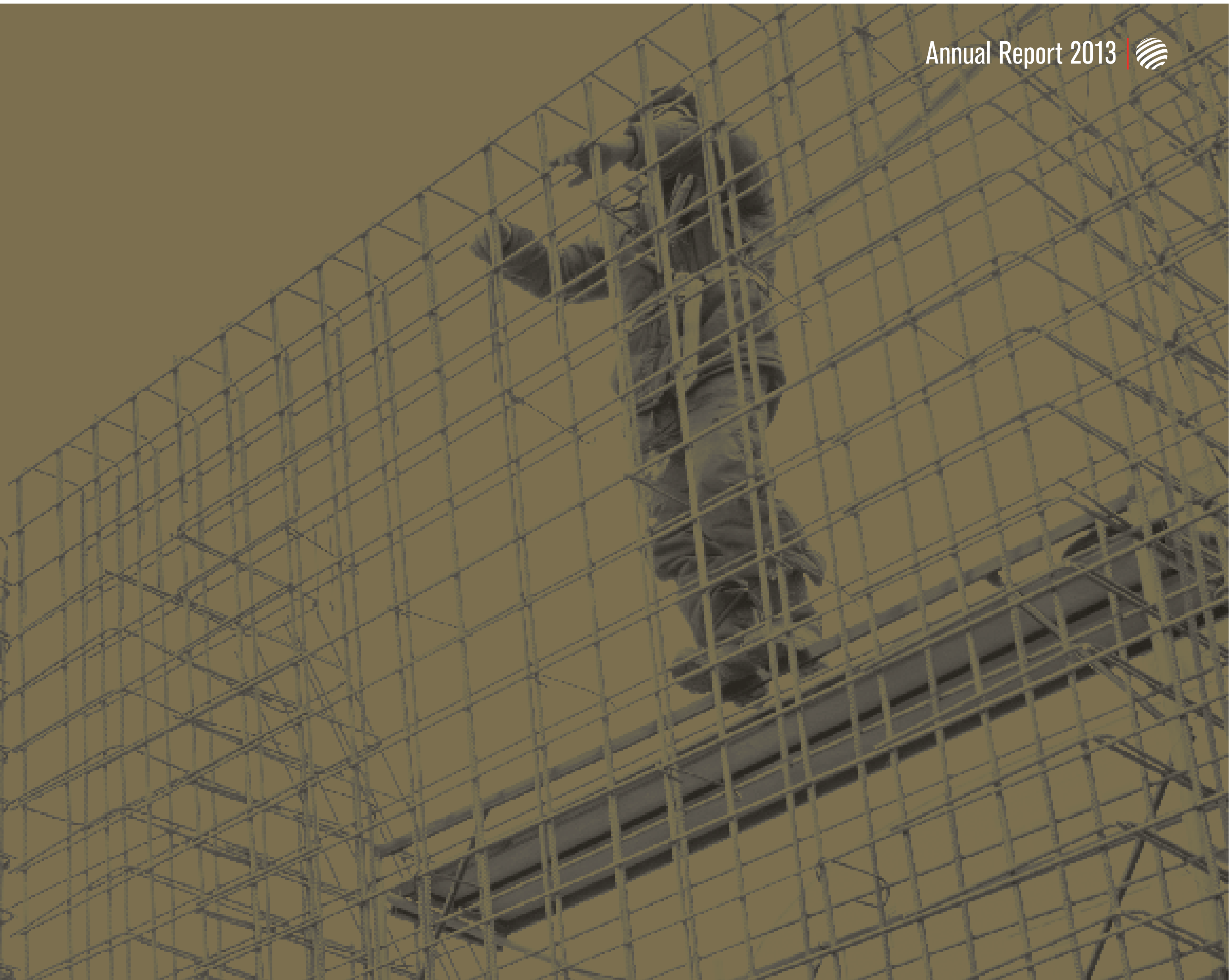
Main Market of Bursa Malaysia Securities Berhad
Stock Name : ENCORP
Stock Code : 6076

In Focus

Focus on Opportunity

Encorp's next business expansion in shopping centre management. aims to bring new experiences and set new standards in the field of retail management.





Group Financial Highlights

Sky Bridge | Encorp Strand Garden Office

Summary	Unit	2009*	2010*	2011*	2012*	2013
OPERATING RESULTS						
Revenue	RM million	234.91	269.71	289.93	396.52	536.44
Profit before tax	RM million	40.31	(75.36)	17.10	47.19	52.54 [N2]
Profit net of tax	RM million	31.90	(77.96)	11.79 [N1]	29.65	35.60 [N2]
Profit attributable to onwers of the parent	RM million	25.49	(81.53)	6.40 [N1]	12.08	19.34 [N2]
KEY DATA OF FINANCIAL POSITION						
Equity attributable to onwers of the parent	RM million	317.15	234.26	265.36	273.58	328.78
Non-controlling interest	RM million	27.88	26.72	32.24	49.81	83.59
Total assets	RM million	1,714.79	1,672.39	1,687.63	1,926.91	2,044.50
Total borrowings [N3]	RM million	8.44	46.10	132.14	217.88	317.51
FINANCIAL RATIO						
Basic earnings per share [N4]	Sen	11.91	(37.67)	2.93	5.54	8.85
Return on capital employed	%	9.46%	1.87%	8.29%	10.02%	10.08%
Return on equity	%	9.24%	-29.87%	3.96%	9.17%	8.63%
Net gearing ratio	Times	0.02	0.18	0.44	0.67	0.77
Net assets per shares [N4]	Times	1.61	1.21	1.36	1.48	1.89
Net tangible assets per shares [N4]	Times	1.02	1.05	1.22	1.37	1.77

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

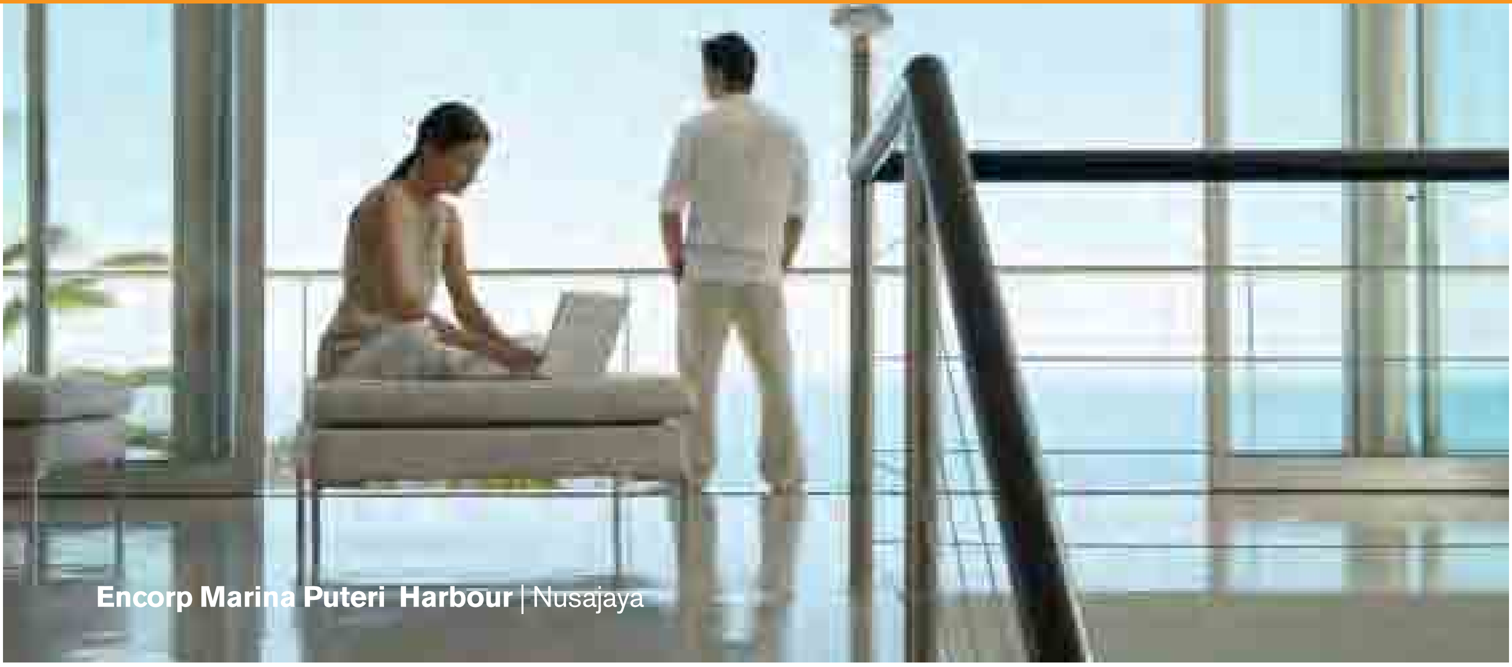
N2 The profit before tax, profit net of tax and profit attributable to owners of the parent for financial year 2013 has adjusted to exclude the changes in fair value of investment properties of RM63.39 million.

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

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

* Financial results prior to financial year 2013 have been restated pursuant to the Prior Year Adjustments as disclosed under Note 39 of the audited financial statements

2013 Highlights



Encorp Marina Puteri Harbour | Nusajaya

25
January

CERTIFICATE OF ACHIEVEMENT – PROVISIONAL GREEN BUILDING INDEX (GBI)

Encorp Marina Puteri Harbour was awarded the Provisional Green Building Index Certification, a testament of the team's commitment to quality for sustainable development.

25
January

ENCORP HELPS TO BUILD DIALYSIS CENTRE IN PAGOH

Encorp has pledged to build the Tan Sri Muhyiddin Dialysis Welfare Centre in Pagoh. This part of Encorp's efforts to assist and support the Government's commitment to health care and treatment by providing a dialysis center that is affordable for the residents. The centre will not only offer a comfortable treatment room, but also recreational facilities such as gym and futsal court.

20
February

NEW SUBSIDIARIES

Encorp announced that Must Ehsan Development Sdn Bhd, a 70%-owned subsidiary of Encorp Must Sdn Bhd, which in turn is a wholly-owned subsidiary of Encorp, has incorporated two new wholly-owned subsidiaries known as Encorp Strand Mall Sdn Bhd and Encorp Parking Sdn Bhd.

20
February

SPONSORSHIP TO SUARA KSKM

In conjunction with its anniversary, Encorp contributed RM3,500 towards supporting the Ministry of Education's internal newsletter, Suara Kesatuan Sekerja Kakitangan Makmal (KSKM).

22
February

SPONSORSHIP TO MCKK PREMIER 7'S RUGBY TOURNAMENT 2013

Encorp sponsored RM6,000 towards the MCKK Premier 7's Rugby Tournament 2013, a seven a side Rugby Tournament, for Premier schools in Malaysia aimed to assist in shaping the development of Rugby in Malaysia.

27
February

DIVIDEND DECLARED

Encorp declared a single tier final dividend of 2% for the financial year ended 31 December 2012 to all shareholders.

23
March

DO THE GREEN THING AT ENCORP

Red Carpet Avenue at Encorp Strand Mall was beautifully lighted up with candles to show our support for Earth Hour. Employees, patrons, tenants and staff joined to light the candles.

27
March

VISIT TO PERSATUAN KEBAJIKAN KANAK-KANAK TERENCAT AKAL MALAYSIA (IQ70PLUS)

Encorp's team spent half a day with the children of Persatuan Kebajikan Kanak-Kanak Terencat Akal Malaysia (IQ70PLUS). Encorp contributed healthy food, beddings and home essentials to the home.

28
March

VISIT TO TONG SIM SENIOR CITIZEN CARE CENTRE

Encorp organised a visit to Tong Sim Senior Citizen Care Centre in the spirit of celebrating Chinese New Year. Encorp donated 30 units of single beds, television, washing machine, refrigerator and kitchen utensils to the home.

6
April

ENCORP CAHAYA ALAM HOMEOWNERSHIP APPRECIATION DAY AND HANDING OVER OF MAGNOLIA

Encorp hosted a 1-day mini carnival for the Encorp Cahaya Alam community, an engagement program filled with exciting activities and lunch for the entire family.

8
April

ENCORP SPONSORS THE STAR'S NEWSPAPER-IN-ENGLISH PULLOUTS FOR CHILDREN IN RURAL AREA

Encorp collaborated with The Star to sponsor RM50,000 worth Newspaper-in-English pullout to children in rural area from 30 primary schools and 6 orphanages in Perlis and Johor. The launch event saw an innovative teleconference via Skype between Encorp and a school in Perlis to receive the sponsorship cheque and hand over of the first pull out.

11
April

SPONSORSHIP OF AMBULANCE FOR THE NEEDY

Encorp Berhad once again made its huge contribution to the convenient of the community when we purchased an ambulance for Malaysian Red Crescent. During the official event, Encorp handed over of the key to Malaysia Red Crescents President, Malaysia's Prime Minister.

14
April

CONTRIBUTION FOR HOSPIS MALAYSIA INAUGURAL CHARITY GOLF TOURNAMENT 2013

Encorp contributed RM10,000 to help to raise funds to support Hospis Malaysia for their continuous efforts provide free palliative care to patients living with life-limiting illness.

26
April

SPONSORSHIP TO KELANTAN FOUNDATION FOR THE DISABLED

Encorp donated RM1,150 to support Kelantan Foundation For the Disabled charity screening of Iron Man 3 and contribute to the on-going activities to improve the quality of life of the disabled.

30
April

ENCORP ANNOUNCES AUDITED ACCOUNTS YEAR 2012

Encorp announced its audited year end 2012 Profit Before Tax as RM42.2 million.

8
May

ENCORP APPRECIATION OUTDOOR MOVIE NIGHT : LIFE OF PI

Encorp organised its first Outdoor Movie Night with Encorp family members, Kota Damansara Residents Association and buyers for the "Life of Pi". Guests were also given the opportunity to meet with Academy Award Winner RHYTHM & HUES Studios, who shared with them stories of their success.

Encorp Marina Puteri Harbour | Nusajaya

Encorp Berhad once again made a huge contribution to the community when we purchased an ambulance for the Malaysian Red Crescent.

Encorp Marina Puteri Harbour | Nusajaya

9 May

ENCORP BAGS RM42.7 MILLION PROJECT

Tindak Murni Sdn Bhd awarded Encorp a RM42.7 million contract. The project comprises 72 units of 3-storey superlink signature villas, guard house and an administrative office.

15 May

ENCORP ANNOUNCES 1ST QUARTER 2013 RESULTS

Encorp posted its first quarter of 2013 results with a Loss Before Tax of RM1.4 million.

21 May

VACANT POSSESSION FOR ENCORP CAHAYA ALAM FRANGIPANI 1

40 units of Frangipani first phase of 2 ½ Storey Multi Facade Homes received Vacant Possession (VP).

16 June

VACANT POSSESSION FOR ENCORP STRAND GARDEN OFFICE

Encorp Strand Garden Office, one of the components of Encorp Strand with a stunning showcase in avant garde living, received Vacant Possession (VP).

19 June

13TH ANNUAL GENERAL MEETING

Encorp held its 13th Annual General Meeting at Hilton Kuching, Sarawak. All resolutions were duly approved by Shareholders of the Company.

25 June

ENCORP ANNOUNCED WINNER OF THE 9TH CORPORATE GOVERNANCE ASIA RECOGNITION AWARDS 2013

Encorp was announced winner of the Asia's Outstanding Company on Corporate Governance at the 9th Corporate Governance Asia Recognition Awards 2013. The award event was held at Marriott Hotel, Resorts World Manila, Philippines.

27 June

ENCORP BAGS RM69.9 MILLION PROJECT

Peninsular Smart Sdn Bhd awarded Encorp a RM69.9 million contract. The project comprises 129 units of 30-storey serviced apartment.

23 July

MANAGEMENT BUYOUT

Encorp underwent a management buyout that saw the exit of founder Datuk Seri Effendi Norwawi. The move was led by Group Chief Executive Officer, Yeoh Soo Ann and Chief Operating Officer, Mohd Ibrahim Masrukin who together acquired 30.55 per cent equity interest from

Dato Sri Mohd Effendi. Following the buyout, Encorp announced the appointment of Datuk Md Hamzah Md Kassim as non-executive chairman and Datuk Feroz A. S Moidunny as non-executive director replacing Puan Effeida Effendi who also exited the company as part of the management buyout.

23 July

ENCORP WELCOMES DATUK DR MD HAMZAH BIN MD KASSIM AS CHAIRMAN

Encorp welcomed its newly appointed Non-Executive Chairman, Datuk Dr Md Hamzah bin Md Kassim into the Encorp family.

25 July

ENCORP BAGS RM114.0 MILLION PROJECT

Setia Haruman Sdn Bhd awarded Encorp a RM114.0 million contract. The project comprises office suites, retail lots, car-park podium, small office home office (SOHO) and commercial space.

10 August

ENCORP HELPS TO BUILD THE BOYS' HOME OF PERTUBUHAN KEBAJIKAN KANAK-KANAK YATIM DAN MISKIN WAWASAN PORT DICKSON

Encorp contributed RM130,000 towards building The Boys' Home Of Pertubuhan Kebajikan Kanak-Kanak Yatim Dan Miskin Wawasan Port Dickson at Negeri Sembilan.

16 August

ENCORP ANNOUNCES 2ND QUARTER 2013 RESULTS

Encorp recorded its second quarter of 2013 results with a Profit Before Tax of RM24.9 million.

26 August

ENCORP BAGS RM180.8 MILLION PROJECT

Lembah Penchala Sdn Bhd awarded Encorp a RM180.8 million contract. The project comprises 4 towers and 409 suites.

28 August

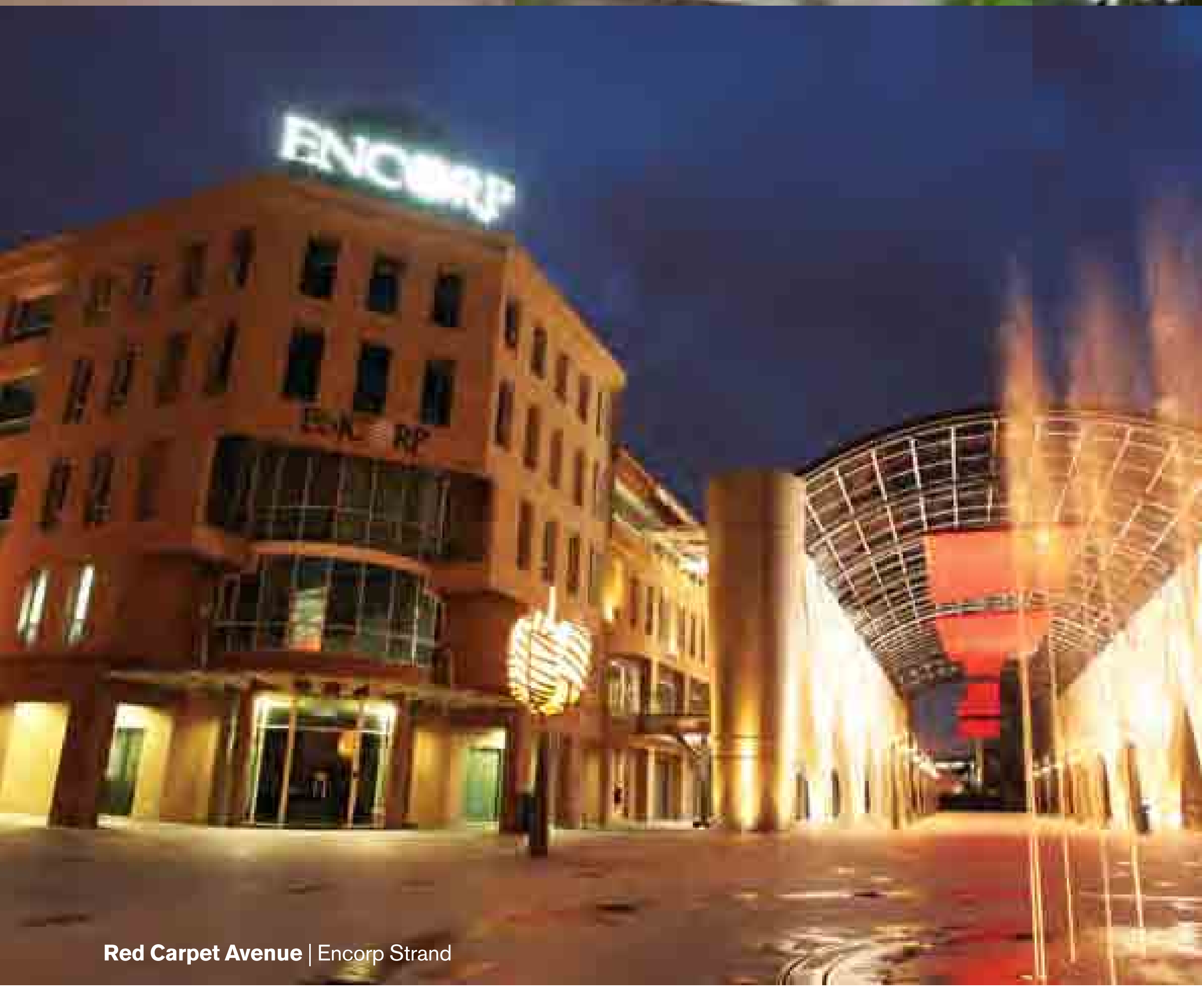
ENCORP ANNOUNCED WINNER OF ASIA PACIFIC ENTREPRENEURSHIP AWARDS (APEA) 2013

Yeoh Soo Ann was honoured as GCEO – The Outstanding Entrepreneurship Category at the Asia Pacific Entrepreneurship Awards.

4 September

RAYA WITH BUSINESS PARTNERS AND STAKEHOLDERS

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



Red Carpet Avenue | Encorp Strand

Red Carpet Avenue | Encorp Strand

Encorp organised its first Outdoor Movie Night at Encorp Strand Red Carpet Avenue with Encorp family members, Kota Damansara Residents Association screening the "Life of Pi".

Entrance | Encorp Strand

14
October

ENCORP BAGS RM63.1 MILLION PROJECT

Excel Engineering & Construction Sdn Bhd awarded Encorp a RM63.1 million contract. The project comprises the administrative complex building and surrounding facilities.

24
October

ENCORP ANNOUNCED WINNER AT MALAYSIA HR AWARDS 2013

For the third year, Encorp was announced winner in the Malaysia HR Awards 2013 under the following categories:
Encorp Berhad – Employer of Choice Award (Bronze) & Yeoh Soo Ann, GCEO – HR Leader of the Year (Bronze)

26
October

DONATION TO STOP HUNGER NOW CHARITABLE ASSOCIATION

Encorp participated in the Stop for Hunger initiative by donating 10,000 packets of meals worth RM10,000 to the Stop Hunger Now Charitable Association to assist the Crisis Relief Services and Training (CREST) which acted as an aid agency for victims of recent 7.2 magnitude Bohol earthquake in Philippines.

13
November

ENCORP ANNOUNCES 3RD QUARTER 2013 RESULTS

Encorp garners a Profit Before Tax of RM14.8 million in its third quarter 2013 results.

15
November

ENCORP ANNOUNCED WINNER OF THE SCCI ANNUAL CORPORATE REPORT AWARDS 2013

Encorp's Annual Report for 2012 was the winner of the Sarawak Chamber of Commerce and Industry's (SCCI) Overall Excellence Award for corporate reporting.

15
November

ENCORP ANNOUNCED WINNER OF ENTERPRISE 50 (E50) AWARD 2013

Encorp was announced as one of the winners for the Top 50 of Enterprise 50 (E50) Award 2013.

18
November

ENCORP ANNOUNCED WINNER AT CORPORATE GOVERNANCE ASIA RECOGNITION AWARDS 2013

Encorp's Head of Legal & Corporate Services, Lee Lay Hong, was announced winner of the 1st Asian Company Secretary of the Year Recognition Awards 2013 at the Corporate Governance Asia Recognition Awards 2013.

30
November

ENCORP'S FAMILY SPORTS FESTIVAL DAY

A Family Sports Festival Day for staff, organised by dedicated employees appointed as ambassadors named ENvoice, was held at Sekolah Kebangsaan Seri Hartamas.

21 November

VACANT POSSESSION FOR ENCORP CAHAYA ALAM FRANGIPANI 2

42 units of Frangipani second phase of 2 ½ Storey Multi Facade Homes received Vacant Possession (VP).

23 November

SPONSORSHIP TO PKNS SPORTS & RECREATION CLUB

Encorp contributed RM20,000 towards the dinner charity event for the movie "Balistik" in supporting PKNS Sports & Recreation Club activities.

12 December

ARTS & CULTURE SPONSORSHIP

Encorp continued to support arts & culture by becoming a Support Sponsor of RM50,000 to Enfiniti's Seussical Jr. The Musical.

26 December

ENCORP BAGS RM101.6 MILLION PROJECT

Aikbee Timbers Sdn Bhd awarded Encorp a RM101.6 million contract. The project comprises 18 levels of 403 apartment units, 4 levels of retail space and a 6 storey car park with a pedestrian link bridge.

theSundaily

Encorp secures RM4.5m contract for

NEWS

Encorp plans RM4.5m facilities

Time to enlighten the uninformed, says DPM

Encorp in the News

Encorp unit gets mixed project job

南洋网

nanyang.com

Home business

In brief

Encorp posts higher earnings

Encorp wins RM180mil job

Encorp unit bags construction job

Fun and easy way to learn English

Developer unveils 'Hai Sam' comics for Perak schoolchildren

Encorp ignites investor interest

Encorp Strand Mall

Creating Value for All

We all seek value in our lives. Increasingly so, consumers seek the "best value" in the goods and services they purchase.

Their considerations revolve around how their purchase gives them more than what they pay for. In property development, these tend to be about the quality of the product and the long term returns people can expect from the properties they purchase.

Encorp has employed a multi-pronged approach towards creating value. This has been the secret of our growth through the years. We don't just build for now; we build for the future. Each one of our developments has a carefully structured approach towards creating value for all.

Creating Value for the Neighbourhood at Encorp Strand Kota Damansara

1. Encorp Strand Garden Office

   The Garden Offices at Encorp offer a host of innovations which create value for purchasers and tenants alike. A number of different eco-friendly features have been incorporated into these office blocks. The benefits of our green design features of natural sun shading and heat insulation which will result in lower operating costs for tenants and owner-tenants.

2. Encorp Strand Residences

   Encorp Strand Residences, a luxury development with access to Encorp Strand Mall, features an exclusively designed private pool and sky gardens which will boost the development's value within the metropolis of Kota Damansara.

3. Encorp Strand Mall

   The focal point of Encorp's Kota Damansara development is Encorp Strand Mall (ESM) which comes with different design features to complement its appeal as the neighbourhood shopping mall with a difference.

   Encorp pays attention to the small details to differentiate our mall from others in the Klang Valley. The building features an elegant timber truss ceiling and pebble wash flooring, evocative of a rustic and relaxing ambience. Coupled with these, is the aesthetic appeal of a 200-foot cascading waterfall to cool the temperature of the shopping centre.

   Our innovative design elements are aimed at making ESM the preferred retail and dining hub of the fast growing Kota Damansara neighbourhood as well as for residents in Klang Valley. ESM will boast a 5-star retail experience like no other, bringing life to Encorp's 'Anything But Ordinary' approach.

At Encorp, our green building concepts extend beyond the walls of our buildings, and include site planning, community and land use planning as well.

   Even the way we have selected our key tenants is indicative of the value we seek to bring. With names like TGV Cinemas, Sam's Groceria, CHI Fitness, Yamaha Music School, CHAI Fashion Emporium, The Little Gym, JKids and Daiso, we are confident that each of our tenants, with their own speciality, will provide ESM customers with great services and retail experiences.

   On the cards for 2014 is a complete plan to create value through Encorp's signature Customer Service for ESM aimed at creating value for customers through a different kind of experience. Our aim is to keep customers coming back for more. ESM will be more than just a gathering of retail and entertainment spaces – it will be a haven for people from the surrounding area, where they know they will be well taken care of and they can trust the team which runs the shopping mall.

4. Red Carpet Avenue @ Encorp Strand Mall

   Another key way we have created value at ESM is with Red Carpet Avenue (RCA). The 90 ft. wide and 800 ft. long climate controlled covered alfresco boulevard offers diners a unique experience with a diverse food and beverage outlets it offers. The 20,000 sq. ft. open air space will also be used for promotional activities such as street fairs, parties and signature events like gala nights or gala movies. In 2013, a number of new tenants signed up with RCA such as Sakura Krystal, Yaki Niku Ishiya, Old Town White Coffee, The God Mother and Barubar. The various design elements, reminiscent of alfresco cafes at a Parisian boulevard is a great crowd puller. RCA is on its way to become an international cuisine area within the Klang Valley.

Creating Value for the Community in Encorp Cahaya Alam

Throughout the years, we have created value at Encorp Cahaya Alam in a variety of different ways. Our goal has always been to have a holistic approach towards value creation in our community-based development and the following are examples of how we have done so:

1. Camellia

   With every home that we have designed and built, our focus has always been about giving the house real value for the purchaser. Aesthetics top our list and Encorp pays a great deal of attention to detailing the layout and functionality of the house. We think of every user living there – the husband and wife, the children and how the house can be as practical and user friendly as possible. In Camellia 2, the 2-storey courtyard terraced homes has innovative features which focus on eco-style living such as a louvered courtyard within the home and an open concept kitchen to encourage family integration.

   Built to the highest of Encorp's Quality, Standard, Value and Service (QSVS) criteria, Camellia 2 obtained a Quality Assessment System in Construction (Qlassic) rating of 83 per cent, making it one of the top 3 developments in the country.

   All Camellia homes come with a specially designed homeowner's manual with relevant and important information for homeowners such as the location map of the Encorp Cahaya Alam development, address plan of Camellia homes, list of Government authorities as well as private utility providers which service Encorp Cahaya Alam and contact details for various public and utility services they are responsible for. Also included is information on the various companies and contractors which worked on building the homes, as well as details of the finishing so customers have all the information they require on their home at their fingertips.

   Our community focused approach towards building resulted in incorporating landscaping ideas and common facilities such as the 1km linear park which runs through the township. All in all, our various different touch points on adding value resulted in Camellia 2 to have a market value increase of almost 66 per cent in 2013.

2. A refined Master Plan

   To create value for residents, we made a number of improvements to our Master Plan for Encorp Cahaya Alam. Consequently, the innovative masterplan saw the repositioning the Community Hall, Surau and Kindergarden to a common area more convenient and accessible for the entire township to enjoy.

3. Magnolia Business Centre

   Encorp's Magnolia shop offices were completed 1 year ahead of schedule in 2012 and were awarded a Qlassic score of 75 per cent, well above the national average of 66.58 per cent in 2012. Magnolia is Encorp Cahaya Alam's first batch of commercial properties to meet the community needs of Encorp Cahaya Alam.

4. Uniquely designed facilities for the community

Encorp has unveiled a number of different features for the upcoming RM4.5 million community hall for was designed with different needs of the modern Malaysian family. Residents and buyers can look forward to:

- A kindergarten facility for up to 100 children, with a reliable and proven education partner to provide educational services. It will have 4 classrooms in total, which can accommodate up to 25 children per class a central courtyard playground
- A tuition centre
- A new surau
- Beautiful central courtyards to enhance the aesthetic appeal of the community centre
- A multi-purpose hall with 3 badminton courts featuring a wide and spacious covered veranda on 3 sides of the hall. It will have a stage with adjoining changing room facilities and the hall will be open, spacious, bright and airy featuring louvered windows to allows natural daylight to penetrate the areas
- Rainwater harvesting for landscape watering
- Ample car parking bays with disabled car parking spaces
- Bright and naturally ventilated toilets

5. Giving Purchasers Options

We give our purchasers options. We have interior decorators to work with buyers on colour schemes, fitting styles and other interior decoration requirements. It is better and more convenient than the buyers trying to hire a contractor and doing it themselves. In Malaysia, people spend thousands of Ringgit on hacking and renovating after buying a property. We find that wasteful. So, six months before we complete a property, we give the buyer their options and tell them that we will do it for them. We are transparent about it. They can compare all our prices. We order on a massive scale and it is cheaper than what they can get. We do not make money from this. It is an added service that we offer, rather than buyers having to deal with the hassle of contractors themselves. We will do it for our buyers. It is a service we are happy to provide.

Creating Value by Building Capabilities of Team Encorp

At Encorp, we recognise that building the capabilities of Team Encorp can create tremendous value in the long term. How can this be so? For one thing, by building our team's capabilities, we can accelerate delivery on priority projects as has been evidenced by the early delivery of Encorp's development projects such as Magnolia Business Centre in Encorp Cahaya Alam.

Building our team's capabilities also result in driving major turnarounds and continuously improving on Encorp's project execution. Our goal is to focus on capability building which will create a lasting impact. We build on leadership qualities, not just functional skills. We aim to build a resilient team which will continuously deliver the 'Anything But Ordinary' approach of a Company entrenched in a Good to Great (G2G) journey.

All Encorp employees have absolute faith in the Encorp Team Spirit. We aspire to transform from Good to Great!

The Encorp Team Spirit is unique to our Company and it binds us together as we strive to achieve a common goal. At Encorp, we believe that we will be a High Performing Organisation (HPO) not because of one person – but rather because of the collective decision by Team Encorp that has decided to be a HPO. Not because of one leader but because Leadership emerges at all levels in Encorp. Leadership is evident everywhere in our Company is because our work environment builds such capabilities and nurtures such qualities.

Our primary task is to keep everyone's energy focused on the bull's eye of excellence in customer service. That's our aim every single time with each and every project we embark upon. We see our role as making it easy for everyone to accomplish their task by removing barriers.

We are aware that the ultimate turbo engine of growth for any great company isn't just about market share, or the latest technology, or competition, or products. The singular thing which matters above all others is the human capital of the organisation. It is the ability and the commitment of the people in the organisation and the values they live by. At Encorp, we want everyone in this organisation to be high performers. We will help each other to get there. Here is where we need maximum collaboration between us – our team leaders find the answers the market place requires by harnessing the Encorp Team Spirit and passion.

People Strategy and People Challenges

We want to build Encorp to be a well-respected company. We will earn this by respecting our various stakeholders. We respect our workforce by treating them with dignity; our customers by always delivering on our promises of uncompromising quality, value and services; our shareholders and partners by practicing the highest level of good corporate governance; our vendors by giving them our fullest cooperation and support; and the community by ensuring everything creates value and makes a difference to the people and environment.

Our long-term vision is to grow a company that is both financially successful and at the same time generates high social value for the community. We are in a very competitive market today. We need to always come up with new ideas. We are always innovating. Even as we build, we improvise.

Team Spirit of Encorp

A Winning Philosophy

Our day-to-day focus is about rallying and aligning our team to deliver on the promise of the Encorp 'Anything but Ordinary' ethos for every project. We are passionate about over-delivering on Encorp's promises – we strive to please our customers because happy customers are the best advocates of our brand.

It is our priority to ensure that the corporate philosophy is internalised throughout the Company so that Encorp will continue to produce quality products in the following manner:

1. Rewarding Success

   We recognise the achievements of our employees with monthly and spot awards. In addition, the top 10 per cent performing employees are invited to be on the High Potential Talent (HPT) team. The HPT team assists with the short listing of initiatives proposed by employees on the New Way of Working (WOW) Wall and receive due recognition and monetary reward for their contributions. We form a HPT for promising employees to recognise their potential at Encorp.

2. Lifelong Learning

   We offer a competency based learning model for all employees. The 84 modules offered at Encorp address the different learning needs of all our employees. We have Career Ladder Improvement Basics (CLIMB) for our non-executives to Professional Development streams for executives, managers and general managers. Our target is to ensure each employee receives 40 hours of training per year. We currently support employees in their pursuit of an MBA at the Malaysian University of Science and Technology.

3. Building Relationships

   We offer benefits that are competitive in the industry. We provide an office gym to promote healthy lifestyle. Our quarterly town hall meetings are an opportunity for our Chairman to engage with our employees on the direction of the Company.

Our long-term vision is to grow a company that is both financially successful and at the same time generates high social value for the community.

4. Reduce Turnover

   Our turnover rate of our full time employees has reduced by 3 per cent from the previous year across our workforce, with a declining trend. We have conducted an internal review to enhance internal opportunities. All positions are now advertised internally before it is opened to external parties. We have been able to promote 14 individuals internally in 2013 compared to six in 2010. Each job function is mapped out with a career path to ensure all employees have an opportunity to progress within Encorp.

5. Creating Value for All

   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 customers?”

Encorp Berhad has a team of 257 employees as at April 2014 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 us. So far, the results have been positive judging by the excellent response to launches of Encorp properties, in the awards the Company keeps winning and in the fast appreciation of value of our signature developments.

Next to Red Carpet Avenue, the Encorp Strand Mall at Encorp Strand will feature the best in retail experience, a premier 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 ultramodern and environmentally-friendly Encorp Strand Residences.

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.

6. Embed Innovation

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 is 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. We know that every other developer says this too, but at Encorp, we just work a lot harder at it.

7. Making a Difference

Encorp began with a vision to make a real difference to the lives of our community. We look to provide support and relief through monetary and in kind support to improve the lives of individuals with fewer opportunities. In the past three years, we have donated over RM1.1 million to various causes and initiatives.

Over the past number of years, we have made significant donations to community projects. However, we wish to ensure that our contributions deliver long-term benefits to the communities in which we operate.

Within the next 2–3 years, we will therefore develop a more strategic framework for community investment, focusing on identified community needs in the areas around our major developments. Our community investment projects will have clear objectives, be tied closely to our business skills as a construction and development company and seek to encourage volunteering among staff.

8. Community Engagement

Available land for development in strategic locations is increasingly scarce and is often found in established communities. Building among populated centres will cause disruptions, such as noise, dust, and congestion, to the surrounding communities. With our long term strategy to build in emerging countries in South East Asia, engagement with communities will be more important.

We want our developments to add value and contribute to the community. Engagement with communities outside of our boundary will bring business and community benefits. We will develop a community grievance and complaints policy and procedure to allow us to respond to concerns by communities. A community engagement plan will be incorporated into all new developments as part of standard operational procedure. Employees will be also trained on community engagement.

We want to a make a meaningful difference in the lives of communities around where we build. We look to improve the quality of lives of marginalised individuals through investing in strategic projects which create long term and measurable impacts. As we move towards building in urban communities and in emerging countries, we need to ensure a robust engagement framework to ensure we minimise negative impacts from our presence in their community.

Encorp Family Sports Day

We want our developments to add value and contribute to the community. Engagement with communities outside of our boundary will bring business and community benefits.

Magnolia Key Handover

Winner of Asia's Outstanding Company on Corporate Governance at the 9th Asia Corporate Governance Recognition Awards

9. Decent Workplace for All

We understand that motivated and happy workers are crucial for us to deliver projects of high quality on time. We are therefore committed to ensuring that all people contributing to our developments and construction work are treated fairly and enjoy decent working standards.

Beyond our own employees, we engage with approximately 1,000 foreign labourers employed by our 25 contractors and subcontractors. The majority of workers on site are foreign workers from around the region. We conduct checks to ensure that labourers on our sites are legal and that working conditions are in line with national labour law.

Our contractors are responsible for providing labourers with personal protection equipment (PPE) and accommodation on site. All foreign labourers are covered under a mandatory health insurance protection scheme.

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.

Continuing Our Journey To Be A Best Employer Of Choice

Our team does not just think of selling property – they think of selling quality of life. Encorp's commitment to innovation is part of our vision to provide 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.

Here at Encorp, our Good to Great Journey (G2G) 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.

Earth Hour | Encorp Strand

Corporate Social Responsibility

At Encorp, we view Corporate Social Responsibility (CSR) as more than just an exercise in philanthropy which defines who we are, making a difference to the community.

At the heart of the concept of sustainability, for both society and business, is a requirement for mutual accountability. This is the basis for the generation of a collaborative relationship which allows for each party to arrive at a shared understanding of each other and to consequently thrive in the environment they create together.

We view CSR as an opportunity to differentiate our brand, as another one of the various touch points of the Encorp Experience. That is not to say we do not derive pleasure from our CSR efforts. We just believe strongly that through our economic, environmental and social actions, we are able to create a positive impact on society. It is about taking responsibility for our footprint on society and the environment.

Throughout the years, as we have grown in strength in terms of numbers, size, knowledge and skills, we have remained true to our philosophy on CSR. This philosophy is based on creating meaningful engagements with people, and on taking our social commitment seriously as we continue to make financial returns for our shareholders.

Our CSR activities which span a diverse range of areas and segments of society is based on an innate understanding of human needs. In all our activities, the entire Encorp team has banded together to show our sincere desire to bring a measure of positive change to the world we inhabit.

Growing with the Environment

We recognise that the construction sector, especially property developers like Encorp, have a huge potential to make a positive impact in terms of protection of the environment as well as the construction of buildings which can increase the life comfort and well-being of its occupants.

Thus, we continued our forward momentum in designing and constructing buildings which comply with the required standards for Green Building Index (GBI) certification. All projects which Encorp plans to launch in 2014 and beyond will implement green building features and systems so that our customers will be able to reap the rewards of sustainable design.

The benefits of sustainably designed green buildings are centred around how buildings and their sites use energy, water and materials and is aimed at reducing building impacts on human health and the environment over the life cycle of the structure. At Encorp, our green building concepts extend beyond the walls of our buildings, and include site planning, community and land use planning as well.

Many of our existing projects already have implemented our green building ideals, such as Encorp Cahaya Alam's upcoming community hall which will have green features such as a rainwater harvesting tank for landscape watering which is about sustainable water usage, and bright, airy and spacious communal courtyards and verandas which will keep temperatures comfortable without any need for the use of air-conditioning thus making it an energy efficient structure.

Sustainable building designs and construction help address the challenges of urbanism as well as the very real impacts of climate change. As a socially responsible developer, we see it as our duty to do what needs to be done to minimise the negative impacts, bearing in mind the various technological advances and architectural design skills we can employ to do so.

At Encorp, we view Corporate Social Responsibility (CSR) as more than just an exercise in philanthropy which defines who we are, making a difference to the community.

Among the many ways Encorp has practised green environmental methods:

- Reducing our environmental footprint with effective management of all water leakages
- Recycling construction materials
- Designing energy efficient building systems
- Developing environmentally conscious purchasing policies
- Conducting regular energy audits
- Conducting regular training for Encorp employees on green management policies
- Implementation of green building management measures such as scheduled inspection and tuning up of irrigation systems and planting of interim grass on cleared sites to avoid soil erosion
- Minimising noise pollution by monitoring decibel levels at construction sites
- Ensuring equipment meets proper emission standards
- Ensure sustainable water usage through sound water saving policies

Growing with our community

In 2013, Encorp continued our on-going charitable commitment by supporting the growth of various segments of society by contributing towards their needs.

1. Growth of the Community

   - Contributing RM1.5 million towards the building of the Tan Sri Muhyiddin Dialysis Welfare Centre in Pagoh, Johor. The centre will offer services at low rates to help ease the burden of kidney patients in need of dialysis.
   - Donating RM1,150 to the Kelantan Foundation for the Disabled's charity screening of Iron Man 3. The funds will be used to improve the quality of life of people with disabilities.
   - The Encorp team spent half a day with the children of Persatuan Kebajikan Kanak-Kanak Terencat Akal Malaysia (IQ70PLUS), contributing healthy food, bedding materials and home essentials.
   - Contributing RM130,000 towards building a Boys Home for the Pertubuhan Kebajikan Kanak-kanak Yatim Dan Miskin Wawasan Port Dickson in Negeri Sembilan.
   - The Encorp team visited the Tong Sim Senior Care Centre during Chinese New Year and donated 30 single beds, a television set, washing machine, refrigerator and kitchen utensils.
   - Sponsorship of a brand new ambulance worth RM268,270 to Malaysian Red Crescent.
   - Donating 10,000 meal packets worth RM10,000 to the Stop Hunger Now Charitable Association to assist aid agency Crisis Relief Services and Training (CREST) in their work with the victims of the Bohol earthquake in the Philippines.
   - Contributing RM10,000 to the Hospis Malaysia Inaugural Charity Golf Tournament 2013 which will be used in their efforts to provide free palliative care to patients living with life-limiting illness.

2. Growth of Education

   - Sponsoring The Star's Newspaper-in-Education and Step Up pullouts for children in 30 schools and 6 orphanages in rural areas in Perlis and Johor.
   - Contributing RM3,500 towards supporting the Ministry of Education's internal newsletter Suara Kesatuan Sekerja Kakitangan Makmal (KSKM).

3. Growth of Sports

   - Sponsoring RM6,000 for the Malay College Kuala Kangsar (MCKK) Premier 7's Rugby Tournament 2013, to assist in the development of Rugby in Malaysia.
   - Contributing RM20,000 for the "Balistik" movie charity event dinner in support of the PKNS Sports & Recreation Club.

4. Growth of Malaysian Arts and Culture scene

   - Becoming a support sponsor of RM50,000 for Enfiniti Academy's Seussical Jr. The Musical featuring 33 young Malaysian talents from different ages, bringing the work of children's book author, Dr Seuss characters such as The Cat in the Hat, Horton the Elephant and The Grinch to life on stage.

Growing with the market place

Truly sustainable growth can only be achieved through collaborations and towards this end, the importance of having viable platforms which act as enablers for positive interactions in the market place is indisputable.

At various touch points we have with the market place, our over-riding belief is in being transparent and accountable so that people are able to obtain the information they require and decide for themselves on Encorp's abilities and performance. It is our consistency in delivering to the highest standards of corporate reporting and presentation which resulted in Encorp winning the Overall Excellence Award at the Sarawak Chamber of Commerce and Industry's Annual Corporate Report Award 2013 for the second year in a row.

By the same token, our unwavering commitment towards ensuring the highest standards of corporate governance resulted in Encorp being named the winner of Asia's Outstanding Company on Corporate Governance at the 9th Asia Corporate Governance Recognition. In addition, our meticulously high standards of financial reporting also saw Encorp being named the winner of the 1st Asian Company Secretary of the Year Recognition Awards 2013.

Our activities in 2013 were as follows:

- Chinese New Year Appreciation Dinners and Lunches with stakeholders such as our clients, bankers and consultants.
- Outdoor Movie Night featuring "Life of Pi" for Encorp team's family members, Kota Damansara Residents Association and Encorp properties purchasers.
- Encorp Cahaya Alam Homeownership Appreciation Day.
- Hari Raya Open House for business partners and stakeholders.
- Commemorating Earth Hour at Encorp by implementing a number of green measures within the work environment as well as lighting up Red Carpet Avenue with candles.

Growing with the work place

At Encorp, we believe passionately in supporting our employees' need for professional and personal growth. It is our consistently high standards of delivery in this area which we believe is the secret to the Encorp team's dedication and commitment towards delivering the highest standards of Quality, Standards, Value, Service (QSVS) in all aspects of their job.

Our mission to have the best team possible resulted in a number of external validations for the year 2013:

a. Best Employers 2.0 - Asia 2013 Study by Aon Hewitt

   Encorp's 2013 engagement score was 62 per cent, a 12 per cent increase from our 2011 engagement score. This was higher than 59 per cent of the average Malaysian score. As at December 2013, Encorp had 238 staff members.

b. Malaysia HR Awards 2013

   Encorp received 2 awards - Employer of Choice and HR Leader of the Year for the third year running, a testament of our employees' recognition of our efforts on their behalf.

c. Finalist for Human Resources magazine's Benefits Asia 2013

   The Benefits Asia Awards is the first of its kind in the region to honor and recognise organisations for their outstanding total rewards practices. Awards are presented to companies which offer the best compensation and benefit strategies for HR professionals to ensure their workforce continues to be engaged, motivated and productive. Encorp was a finalist in the following categories:

- Best in Benefits Technology & Administration Processes – for Encorp's G2G initiatives
- Best in Best in Employee Career Development – for Encorp's CHAT: Connecting High Achievers and Top Talent
- Best in Employee Benefits Communications – for Encorp's Happy Motivated Staff @ Encorp

Throughout 2013, we focused on building the strengths of our team in line with the Company's growth and expansion. The following are the different ways Encorp has done to improve Employee Engagement:

1. Human Capital Development Training Programme

   In 2013, we analysed our team's core skills and aligned performance with functional priorities and desired organisational outcomes. In order to provide an eco-system which nurtures the capabilities of our employees through continuous professional development, we have enhanced the training development programme in the following ways:

   a. Revised the Orientation Programme from 1 day to 2 ½ days for new employees on board incorporating the following elements:

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

   b. Introduced the Business English programme with Certification from University of Cambridge (Bulats) for staff to enhance language skills and assist in job progression. We also made it compulsory for new recruits to take the placement test through our HR Intranet.

   c. Repackaged informal opportunities for employees to learn at work by introducing lunch talks with monthly themes used to convey work information, general knowledge and work life balance. Topics we covered in 2013 included:

      - Health Awareness: Healthy Lifestyle, Breast Cancer, Stress Management.
      - General topics: Preventing Sexual Harassment & Abuse, The Importance of Will Writing, Quality Child Care & Development.
      - Law issues: Bribery, Personal Data Protection Act (PDPA).
      - Employment issues: Filling your taxes (LHDN), Skim Simpanan Pendidikan Nasional (SSPN).
      - Personal/spiritual topics: Amalan dan Kelebihan Bulan Ramadhan, Pillow Talk: Behind every relationships, Sirah Nabi, Umrah & Pengertiannya.

   d. Initiated the Encorp Learning Via Information System (ELVIS), a learning portal for employees. ELVIS is an interactive internet project based learning programme which acts as an additional development platform for employees to keep up with the latest innovations. Among the programme available on ELVIS are:

      - English Language from University of Cambridge ESOL (BULATS)
      - Microsoft Application – Excel, PowerPoint, Word, Outlook and Project Manager
      - New Employee Orientation
      - Motivation Learning Series – Robin Sharma

2. Compensation & Benefits

We improved on our compensation and benefits for employees as part of our plan to increase employee retention. Some of our new initiatives are:

a. Personal Loan to Perform Umrah – an interest free loan available to all Muslim staff who intends to perform their Umrah.

b. Increased Sales Commission and Overriding Commission – an Overriding Commission structure was created as a balance between maintaining profitability for the Company as well as creating incentives to motivate the Encorp sales team.

3. Upgraded Recruitment Processes

We implemented a Recruitment Module in the Human Resource Information System (HRIS) whereby candidates will apply directly through the HRIS.

4. Administration & Technology

We undertook upgrading of our administration systems in the following ways:

a. Business Process Management System (BPMS) – created a systematic approach to continuously improve HR effectiveness and efficiency by implementing e-Stationery Requisition Form, e-Umrah Personal Loan and e- access card applications.

b. Records & Information Management System (RIMS) – introduced RIMS to manage well-structured record keeping and records management system. This will ensure greater efficiencies throughout the company with easy and convenient retrieval of information such as housekeeping record, utilisation of the fingertips system with the immediate scanning of documents and implementing a comprehensive filing and archiving system.

Throughout the year 2013, we ran a number of initiatives which focused on work-life balance aimed at encouraging health and wellness among our employees:

- Weekly Yoga, Zumba and Personal Training sessions at Encorp Fitness centre.
- Fitness Celebration at the workplace with Gym Open Day, Malaysia Day.
- Having a Breast Cancer Awareness day when we conducted BMI tests and distributed vouchers.
- Special Activity Day with activities such as aerobic dancing and belle dancing.
- Marking International Women's Day with a host of activities such as the distribution of chocolate to female employees at Encorp, hosting talks on preventing sexual harassment and abuse and healthy lifestyles, as well as giveaways of manicure treatments.
- Having a Badminton Club twice a week, with friendly matches. The Encorp Badminton Team were champions of the Malaysia Shopping Malls Association's 2013 Badminton Tournament, beating 9 other shopping mall teams.
- Organising a Futsal Club once a week with friendly games with Majlis Bandaraya Shah Alam and Tropicana Mall.
- Organising a Ka-rao-Ke 601 once a week for Encorp staff to have fun after office hour.
- Initiating Celebration at Work activities in conjunction with Earth Hour Celebration, Malaysia Day, Christmas Day celebrations and many more.
- Having a fun 1980s themed bowling tournament.
- Annual Encorp's Family Sports Festival Day.

Encorp Family Sports Day

Sponsorship of Ambulance

Encorp handed over of the key to Malaysia Red Crescents President, Malaysia's Prime Minister.

We view CSR as an opportunity to differentiate our brand, as another one of the various touch points of the Encorp Experience.

Stop Hunger Now Meal Packaging

Quality Management

In 2013, Encorp continued with our practice of full compliance with rules, regulations and guidelines for occupational health, safety and environmental concerns. Throughout the year, we obtained the following certifications as a result of our compliance measures:

- Magnolia in Encorp Cahaya Alam was awarded a Quality Assessment System in Construction (Qlassic) score of 75 per cent by the Construction Industry Development Board (CIDB).
- Both Frangipani 1 and Frangipani 2 in Encorp Cahaya Alam were awarded a Qlassic score of 81 per cent.
- Provisional Green Building Index (GBI) for Encorp Marina Puteri Habour.

Investor Relations

Here at Encorp, one of our primary concerns is to be the investment of choice in the market place. In order to create top of the mind recall, we work tirelessly to ensure that we have in place various modes of communications with our various stakeholders.

We continued with the following measures as part of our on-going exercises in building on investor relations in 2013:

- Sharing regularly updated financial information to investors, shareholders and other parties key to ensuring the financial stability of Encorp;
- Utilising a diverse range of traditional and new media to keep all investors, stakeholders and interested parties up to date on all areas of financial growth and progress reports on business activities;
- Communicating all information and initiatives relevant to our products and services in a range of media;
- Publishing and sharing information related to Encorp's policies and activities on corporate governance and corporate social responsibility regularly;
- Keeping open lines of communication with analysts, business and consumer media, and potential investment partners by employing a strategic communications mix of interviews, press releases, website update, briefings and presentations; and
- Continuous engagement through social events.

Growing in Strength of Service with World Class CRM

Since our inception, Encorp has built on the strength of its Customer Relationship Management (CRM) processes, believing it to be a key factor in differentiating our products and services to the market place. With people having a vast array of choices vying for attention, we need to work on a unique and singular CRM approach encompassing world class standards in order to attract and retain a healthy market share. Our approach has always been to sell value, and not just mortar and bricks.

In our quest to constantly up the ante on our CRM in order to build long term sustainable relationships with our customer base, we have worked on a number of different initiatives in 2013. One of our measures has been to upgrade our website server hardware to one with a higher capacity and uptime to accommodate unlimited visitors.

In order for us to look up to our promise in delivering the Encorp Experience, we have been monitoring our customer's perception of our products and services. The customer feedback is important to us as part of our continuous effort to improve Encorp's service levels and processes.

The majority of our efforts the past year have focused on the expansion of our business activities into shopping mall management. We kick started Encorp's Mall Management System for Encorp Strand Mall (ESM). We have expended a lot of strategic thought into our master plan on Delivering the Encorp Gold Standard in customer service at ESM.

The idea is for ESM to lead the way in the Gold Service Standard shopping experience for our customers. We plan for ESM to be a family neighbourhood mall which provides all members of the family unit with all their shopping needs under one roof. Our 5-Star ESM shopping experience will focus on creating excellent engagement with our customers, executional excellence, a unique and memorable brand experience, expedition of shopping requirements and excellent assistance in problem recovery.

Our ultimate aim is for all Encorp customers to walk away having a fulfilling experience. Encorp's brand is about exceeding on its promise to deliver a quality product and a great customer experience.

Corporate Governance

Since our inception, Encorp has built on the strength of its Customer Relationship Management processes, believing it to be a key factor in differentiating our products and services to the market place.

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

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

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

A. BOARD OF DIRECTORS

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

1. Composition of the Board

As at the date of this Report, the Board consists of seven (7) members comprising:

- Two (2) Executive Directors ; and
- Five (5) Independent Non-Executive Directors

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

Statement of Corporate Governance

Securities Berhad ("Bursa Securities") which require that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors.

2. Board Balance

The role of the Independent Non-Executive Chairman and the Group Chief Executive Officer ("Group CEO") are distinct and separate to ensure that there is a balance of power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Group CEO has overall responsibility for the day-to day management of the business and implementation of the Board's policies and decisions. The Group CEO is also responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

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

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

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

3. Reinforce Independence

The Board noted the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board is however of the view that the length of service of directors does not affect the Directors in exercising their objective and independent judgement to discharge their duties and responsibilities.

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

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

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

On the AGM held on 19 June 2013, the Shareholders of the Company had approved a resolution to enable Datuk (Dr) PhilipTing Ding Ing to continue to serve as Independent Non-Executive Director and to authorise the Board of Directors to determine on a year to year basis the continuation of such office until such time the authority is revoked at a general meeting.

4. Board Meetings

To ensure that Directors can plan ahead, Board Meetings are scheduled in advance at the beginning of each year. Special Board Meeting are convened as and when necessary for the Board to deliberate on matters that require expeditious decisions.

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

During the financial year under review, five (5) Board meetings and one (1) AGM were held. The summary of attendance of the Board is as follows:

Name of Director	No. of Meetings Attended	Attendance (%)
Dato Sri Mohd Effendi bin Norwawi *(resigned on 23.7.2013)*	3/3	100
Datuk Dr Md Hamzah bin Md Kassim	4/5	80
Yeoh Soo Ann	5/5	100
Mohd Ibrahim bin Masrakin *(appointed on 23.7.2013)*	2/2	100
Efeida binti Mohd Effendi *(resigned on 23.7.2013)*	2/3	67
Dato' Chew Kong Seng @ Chew Kong Huat	5/5	100
Datuk (Dr) Philip Ting Ding Ing	5/5	100
Datuk Fong Joo Chung	5/5	100
Dato' Marcus Kam Kok Fei *(resigned on 12.8.2013)*	1/3	33
Dato' Feroz bin A S Moidunny *(appointed on 23.7.2013)*	2/2	100

5. Promote Sustainability

The Board recognises the importance of business sustainability and committed to deliver long-term sustainable values to the stakeholders of the Company. The Company's workplace, marketplace, community and environment are integral part of the Company's social obligation in conducting its business. Details of the Company's social activities are disclosed in the Corporate Social Responsibility Statement of the Annual Report.

6. 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 meeting 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 service 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.

7. Roles and Responsibilities of the Board

In line with the Code, the Board has adopted a Board Charter. The Board Charter primarily sets out the Board's strategic intent and outlines the Board's roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct. The Board Charter aims to promote highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded. More information on the Board Charter can be found on the Company's website at www.encorp.com.my.

The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- Reviewing and approving the business plan and overall strategic directions;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behavior and promoting a culture of corporate responsibility.

8. Appointment of Directors

When appointing a Director, the Nomination Committee and the Board will consider the background, experience, skill, competency, knowledge and potential contribution of the candidate, whilst the Recommendation 2.2 of the Code will also be given due consideration for boardroom diversity. The Nomination Committee considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Nomination Committee recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the Nomination Committee and determines the appointments to be made.

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's matters before accepting his appointment to the Board. Directors are required to notify the Chairman before accepting any new Directorship and to indicate the time expected to be spent on the new appointment.

9. Re-Election and Re-Appointment of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the next AGM after their appointment. One-third (1/3) of the Directors are required to retire from office at each AGM and all Directors shall retire at least once in every three (3) years. The retiring Directors shall be eligible for re-election at the AGM.

Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965.

10. 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 decision on matters deliberated by the committee.

a. Audit Committee

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

The members of the Audit Committee are:

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

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

The terms of reference of the Audit Committee and summary of activities for the financial year under review are reported on pages 78 to 83.

b. Nomination Committee

The Nomination Committee comprises exclusively Independent Non-Executive Directors and the members are as follows:

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

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

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

Summary of the main activities in 2013 are amongst others as follows:

- Make recommendations to the Board on the candidates for directorships of the Company and its subsidiaries;
- Make recommendations to the Board on the re-appointment and re-election of Directors who are subject to retirement at forthcoming AGM;
- Recommend to the Board, the methodology to apply for the assessment of the Board's effectiveness for review period 2013;
- Annual Board assessment on the effectiveness and competencies of the Board as a whole;
- Evaluation on an annual basis the independence of each Independent Director; and
- Recommend to the Board, appropriate training and education programmes with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group.

In line with the Code, the Board implemented an evaluation process, which was carried out by the Nomination Committee for assessing the effectiveness and competencies of the Board as a whole. The results of the evaluation as compiled by the Company Secretary were tabled to the Nomination Committee for review and notation. The Board was satisfied with the results of the annual assessment and opined that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied with the Board's composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

The Board on the recommendation of the Nomination Committee, has also developed the criteria to assess the independence of the independent directors on an annual basis. When assessing independence, the Board is encouraged to focus beyond the independent director's background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to Board deliberations. The assessment of independence of the Company's independent directors for the period of assessment for year 2013 revealed that all independent directors had complied with the criteria of "Independent Director" under the Listing Requirements of Bursa Securities.

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. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by such Directors.

The members of the Remuneration Committee are:

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

d. Risk Management Committee

The Risk Management Committee comprises the Heads of Departments and Group's Senior Management. The Risk Management Committee reports to the Audit Committee on quarterly basis. The Audit Committee assists the Board in providing oversight over the Group's management of risk and reviews the adequacy of compliance and control throughout the Group.

11. Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors constantly participate in training programmes, seminars and conferences to keep themselves abreast with changes and new developments, both in the legal and commercial aspects. Members of the Board had also been invited to participate in seminars and/or conferences in the capacity as a speaker or panelist in areas of their expertise. Some of the programmes and courses attended by the Directors during the financial year under review include the following:

- Islamic Development Bank: Expert Group Meeting on "Innovation for Economic Development in IDB Member Countries"
- Islamic Development Bank: 24th IDB Annual Symposium on "Innovation for Economic Development in IDB Member Countries"
- Perdana Leadership Foundation: CEO Forum 2013 – Better Times Ahead for Malaysia? Trends, Predictions and Outlook for 2013 – 2020
- Khazanah National Bhd: Khazanah Megatrends Forum 2013 – Growth with Inclusion in an Age of Paradox: Same Game, New Players
- WIEF Foundation: 9th World Islamic Economic Forum

- Securities Commission Malaysia: World Capital Markets Symposium 2013
- Iclif: Board Chairman Series-The Role of the Chairman
- Iclif: Leadership Energy Summit Asia
- Learning Edge Consultants: Interaction
- Credit Suisse Market Outlook Lunch Seminar
- Service Quality Leadership Program
- Malaysian National Assistant to the CEO APEX 2013
- Datum Economic Forum 2013
- Myanmar Business Investment Summit 2013
- Ernst & Young: CRM Workshop
- MGCC: Cleantech Delegation Investor Conference
- Knight Frank's Global Capital Markets Group
- Bursatra: Mandatory Accreditation Programme
- GLM Company Secretary: Update on amendments to the Listing Requirements of Bursa Securities
- Iclif: Nominating Committee Programme
- Bursa: Future of Corporate Reporting
- Bursa: Advocacy Sessions on Corporate Disclosure for Directors
- FIDE Forum Breakfast Talk: Successful Corporate Banking – Focus on Fundamentals
- FIDE Forum: Managing Talent at Board and Management
- Ernst & Young 2014 Budget Seminar
- Conference on the Transformation of Security and Fundamental Rights Legislation – Rights and Responsibilities: Between Hope and Challenges
- Shell Regional Legal Away Day: Lawyers and Leadership – Never The Twain Shall Meet
- International Hydro Association Congress: Advancing Sustainable Hydropower

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 31 December 2013 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries / Allowance & Other Emoluments	2,161	27
Fees	80	429
Defined contribution plan	215	-
Estimated money value of benefits-in-kind	933	6
Total	3,389	462

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	1	3
RM250,001 – RM300,000	1	-
RM900,001 – RM950,000	1	-
RM1,200,001 – RM1,250,000	1	-

C. SHAREHOLDERS

Communication with Shareholders and Investors

The Company adheres strictly to the disclosure requirements under the Listing Requirements of Bursa Securities. The financial results of the Company are announced quarterly to Bursa Securities via Bursa Link. Material transactions and events also announced accordingly.

The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. In line with the recommendations under the Code, a shareholders' communication policy was implemented to handle the process of handling queries from its shareholders.

The Company's website has a dedicated section that provides all relevant information on the Company which is accessible to the public. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material information.

Annual General Meeting (AGM)

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

In line with Recommendation 8.2 of the Code which recommends that the Board should encourage poll voting in general meetings, the Company has always made the necessary preparation for poll voting for substantive resolutions (as defined by the Board) at its AGM.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

The Board of Directors recognises the pivotal role of a strong internal control system in keeping the Group on course towards its goal of maximising shareholders' value. To this extent, the need for a strong internal control environment has been ingrained into the culture of the Group by the Board and Management.

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit Committee. The Group's Statement on Risk Management & Internal Control is set out on page 84 to 87.

Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Group has formalised a Whistle Blowing Policy. This is essentially a mechanism to enable the employees to disclose internally any serious malpractice or misconduct without fear of reprisal. This policy provides a safe and acceptable platform for employees to channel their concerns about illegal, unethical or improper business conduct affecting the Group.

Relationship with External Auditor

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

Malaysian Corporate Integrity Pledge

The Group has always been committed in upholding the highest standards of integrity, transparency and good governance in its business operations. Such commitment is manifested in the recent signing of the Malaysian Corporate Integrity Pledge by the Company on 13.1.2014. Being a signatory to the Malaysian Corporate Integrity Pledge, the Company pledges that it will abide by the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business as well as working together with its business partners, regulators and law enforcement agencies to create a business environment that is free from corruption.

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

Share Buy Back

As per the Record of Depository as at 23 April 2014, the Company held as treasury shares a total of 5,386,000 of its 228,612,581 issued ordinary shares. Such treasury shares are held at a carrying amount RM4,559,005.

Options, Warrants or Convertible Securities

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

During the financial year under review, 1,346,900 RCSLS were converted and no warrants were exercised into ordinary shares.

<u>Options</u>

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 sanction and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

Non-Audit Fees

During the financial year under review, non-audit fees of RM289,150 were incurred for services rendered to the Group for the financial year ended 31 December 2013.

Variations in Results

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

Profit Guarantee

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

Material Contracts

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

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

Encorp Marina Puteri Harbour | Nusajaya

Marina View | Encorp Marina Puteri Harbour

The Group has always been committed in upholding the highest standards of integrity, transparency and good governance in its business operations. Such commitment is manifested in the recent signing of the Malaysian Corporate Integrity Pledge on 13.1.2014.

Retail | Encorp Marina Puteri Harbour

The Board of Directors is pleased to present the report on the Audit Committee for the financial year ended 31 December 2013

Membership

Members of the Audit Committee during the financial year ended 31 December 2013 were as follows:

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

Audit Committee Report

Meetings And Attendance

The Audit Committee met five (5) times during the financial year 2013 at the Board Room, Third Floor, Encorp Berhad, 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on the following dates:

Meeting No.	Date
1/2013	27 February 2013
2/2013	24 April 2013
3/2013	15 May 2013
4/2013	16 August 2013
5/2013	13 November 2013

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

Audit Committee Member	No. of Meetings Attended	Attendance (%)
Dato' Chew Kong Seng @ Chew Kong Huat	5/5	100
Datuk Fong Joo Chung	5/5	100
Datuk (Dr) Philip Ting Ding Ing	5/5	100

The Group Chief Executive Officer, Chief Operating Officer, Finance General Manager, the Head of Risk Management and the representatives from the external auditors and/or the internal auditors also attended the meetings at the invitation of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

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

Terms of Reference of Audit Committee

Policy

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

Objectives

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

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

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

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

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

Composition of the Audit Committee

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

In this respect, the Board adopts the definition of "independent director" as defined under the Main Market Listing Requirement ("Listing Requirement") 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 1 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.

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 customer feedback is important to us as part of our continuous effort to improve Encorp's service levels and processes.

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.

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 question 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 trainings, seminars and conferences during the year to acquire relevant knowledge that enables them to discharge their duties effectively:

- GLM Company Secretary: Update on amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- The Iclif Leadership & Governance Centre: Nominating Committee Programme
- Bursa: Future of Corporate Reporting
- Bursa: Advocacy Sessions on Corporate Disclosure for Directors
- FIDE Forum Breakfast Talk: Successful Corporate Banking – Focus on Fundamentals
- FIDE Forum: Managing Talent at Board and Management
- Ernst & Young 2014 Budget Seminar
- Conference on the Transformation of Security and Fundamental Rights Legislation – Rights and Responsibilities: Between Hope and Challenges
- Shell Regional Legal Away Day: Lawyers and Leadership – Never The Twain Shall Meet
- International Hydro Association Congress: Advancing Sustainable Hydropower

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 2012, 31 March 2013, 30 June 2013 and 30 September 2013 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 2012 with Management and the external auditors before recommending it to the Board for approval and release to the Bursa Securities.
- Reviewed and discussed Management Accounts with Management.
- Reviewed and deliberated on the Enterprise Risk Management (ERM) report which was updated every quarter by the Risk Management Department.
- Reviewed and discussed the audit report, the extent of assistance rendered by Management, issues and reservations arising from statutory audit with the external auditors.
- Reviewed the internal audit activities carried out by the Internal Auditors and deliberated on significant audit findings identified, audit recommendations made and management's action plans to ensure that the risks issues were adequately addressed.
- Reviewed with the external auditor, the audit plan inclusive of areas of audit emphasis, audit fees, and scope for the year as well as the audit procedures to be followed prior to commencement of annual audit for 2013;
- Reviewed and approved the annual internal audit plan for 2014.
- 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.


Encorp Strand

- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

Summary Of Activities Of The Internal Audit Function During The Year

The internal audit function of the Company has been outsourced to an independent professional firm, NGL Tricor Governance Sdn Bhd ("Tricor"), which assists the Audit Committee in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the Audit Committee.

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

During the financial year ended 31 December 2013, the major activities carried out by Tricor were as follows:

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

The costs incurred for the internal audit function for the financial year ended 31 December 2013 amounted to RM56,260.

Exterior | Encorp Strand

Statement on Risk Management & Internal Control

Board Responsibility

The Board of Directors (the "Board") acknowledges the importance of sound risk management and internal controls system towards achieving good corporate governance. The Board affirms its overall responsibility in maintaining the Group's systems of risk management and internal controls which include the establishment of an appropriate control environment and framework, processes and structures and continually reviewing the adequacy and integrity to safeguard shareholders' investment and the Group's assets.

Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's existing system is designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it can only provide reasonable but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations. The process is regularly reviewed by the Board and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors' of Listed Issuers.

Risk Management

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

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

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

iii. Evaluating the risks;

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

v. Monitoring the progress of action plans and reviewing the business risks from time to time.

b) Lines of responsibility and accountability; and

c) Defined parameters for risk rating.

Risk management processes

The Board with the assistance of the AC and the Risk Management Committee ("RMC"), continuously review the overall management of principal areas of risk.

The Audit Committee is briefed quarterly by the RMC. The RMC comprise the Group's senior management and the head of departments. RMC meets formally at least once in every quarter to:

a) Review the risk profile of the Group;

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

c) Assess status of risk mitigation action plans

The RMC is also supported by the Risk Management Unit ("RMU") at the operational level. The members of RMU comprise representatives from departmental operations and support functions. Quarterly RMU meetings and ad-hoc meetings were held by RMU members to deliberate, monitor and implement their respective risk areas by reviewing and updating the risk register. RMU also assisted in confirming that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. The risk profile of the Group was compiled to help RMC and the Board to prioritise their focus on areas of high risks.

Internal Audit

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

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

In the year under review, the following processes of certain subsidiaries were reviewed by the internal auditors:

- Project Management
- Project Tendering
- Marketing Management
- Sales Administration
- Progress Billing and Collection
- Progress Claim and Payment
- Cash Management
- Financial Reporting Control

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

Other key elements of Internal Control

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

a) Group Vision and Organisation Structure

- Clear Group vision, mission and shared values which are continuously communicated to employees at all levels.

- The Group has established an organisation structure with clearly defined lines of responsibility, accountability, authority and reporting. This includes establishing Board Committees with well-defined terms of reference.

b) Policies, Procedures and Limits of Authority

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

c) Monitoring process by Audit Committee

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

d) Strategic Business Plan, Budget and Management Reporting

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

e) Performance Review

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

f) Training and development Programmes

- Relevant trainings and easy access through Encorp Learning via Information System are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

g) Insurance and Physical Safeguard

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

h) Whistle Blowing Policy

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

Conclusion

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

Based on inquiry, information and assurance provided by Group Chief Executive Officer and General Manager, Finance, the Board is of the view that the Group's overall risk management and internal control system is operating adequately and effectively, in all material aspects. The Board confirms that the risk management and internal control process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2013 up to the date of approval of this statement. This statement is made in accordance with the resolution of the Board of Directors on 23 April 2014.

Review of the Statement by External Auditors.

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

Podium | Encorp Strand Residences

Statement of Directors' Responsibility on Annual Audited Financial Statements

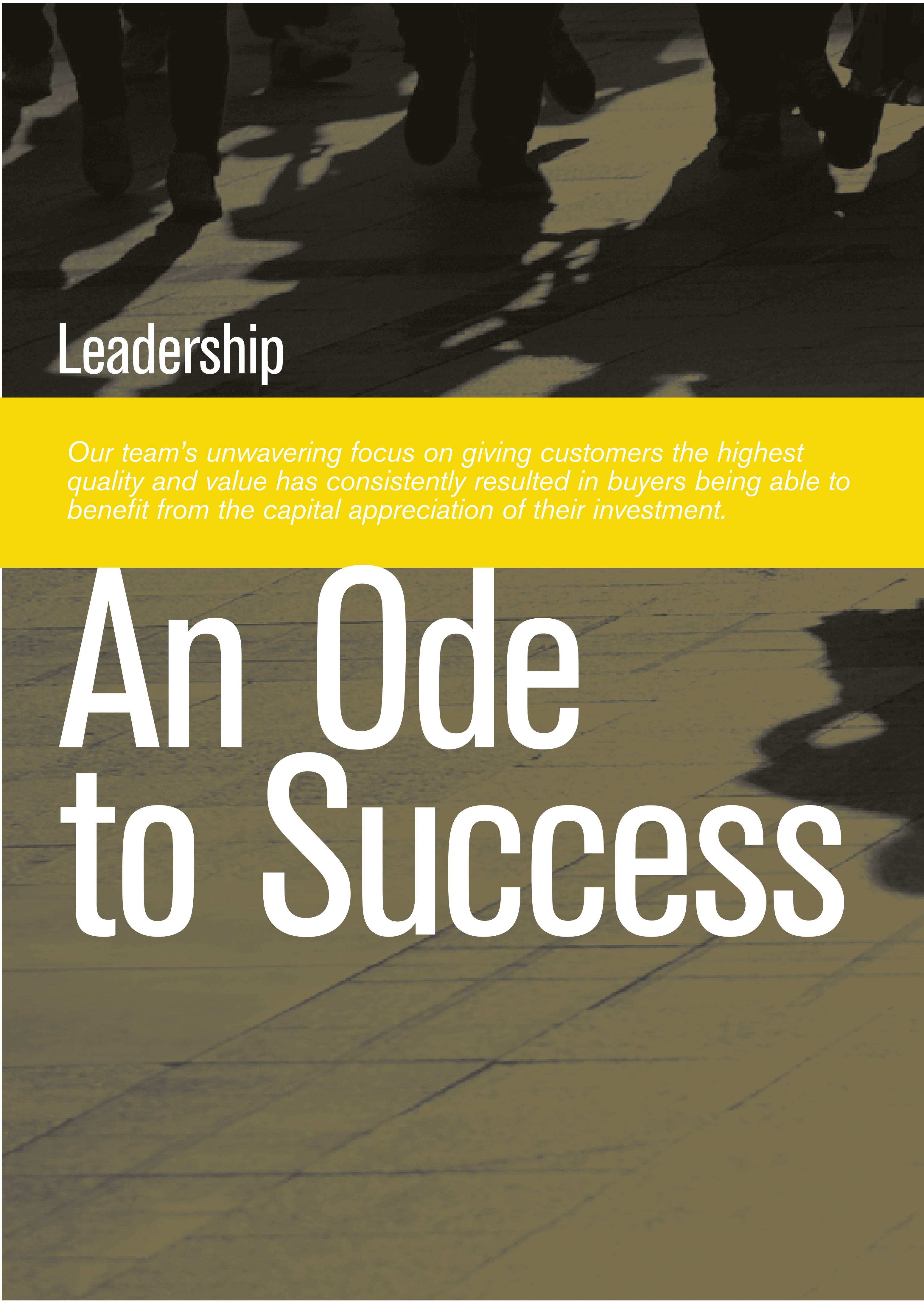
The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 1965, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the state of affairs 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 2013, 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.

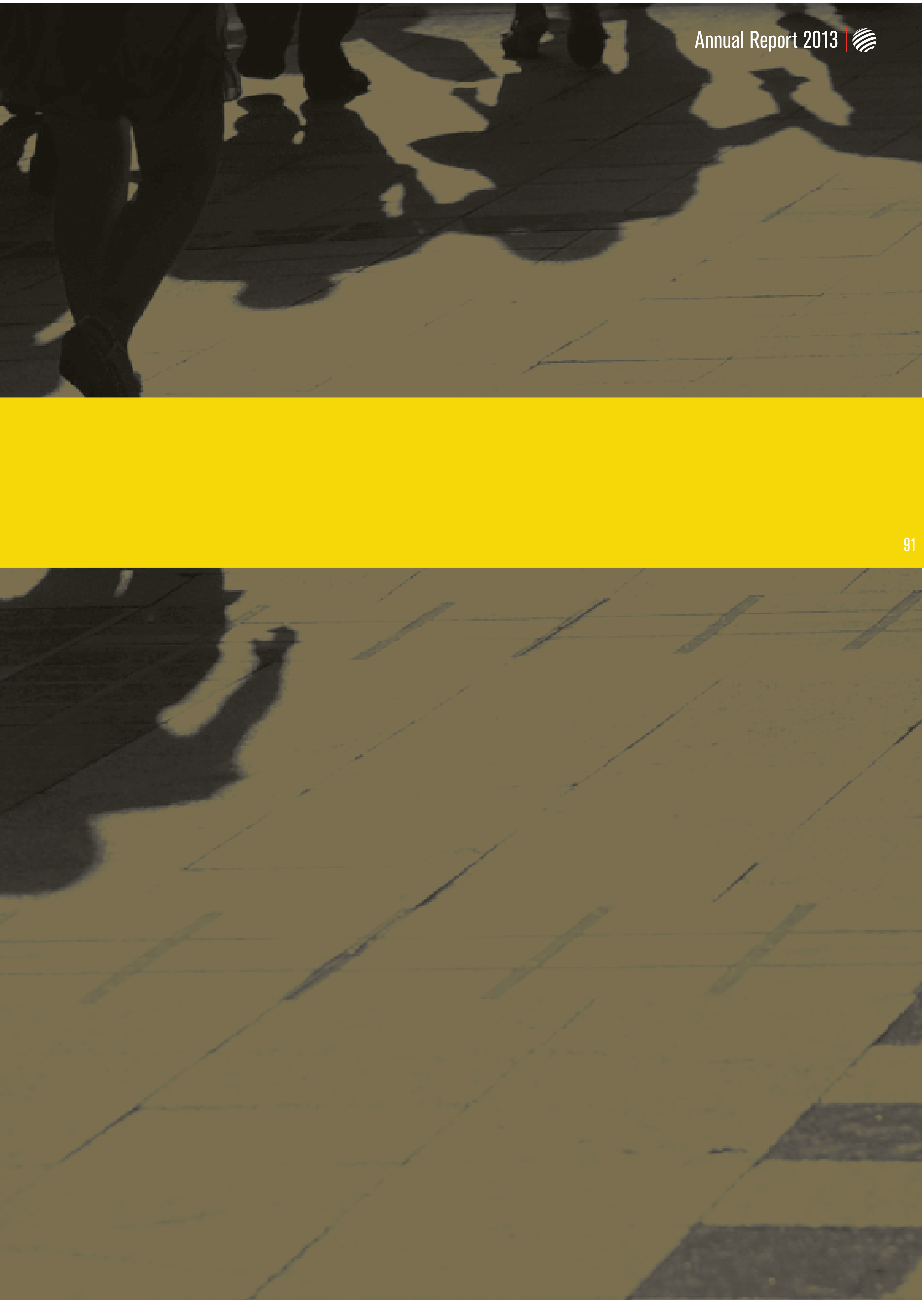
Encorp Strand Garden Office



Leadership

Our team's unwavering focus on giving customers the highest quality and value has consistently resulted in buyers being able to benefit from the capital appreciation of their investment.

An Ode to Success



Board of Directors

YBhg Datuk Dr Md Hamzah bin Md Kassim

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

Datuk Dr Md Hamzah (Malaysian, aged 66) was appointed to the Board of Encorp Berhad on 17 December 2009. He was re-designated as Independent Non-Executive Chairman on 23 July 2013.

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

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

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

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

Datuk Dr Md Hamzah does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Yeoh Soo Ann

Non-Independent Executive Director
Group Chief Executive Officer

Yeoh (Malaysian, aged 53) 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.

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 a listed property company. He is currently a Director of GW Plastics Holdings Berhad.

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

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.

Mohd Ibrahim bin Masrakin

Non-Independent Executive Director
Chief Operating Officer

Mohd Ibrahim (Malaysian, aged 53) was appointed to the Board of Encorp Berhad on 23 July 2013.

He holds a Master of Science in Statistics with a minor in Econometrics and a Bachelor of Arts in Mathematics with a minor in Economics, both from Southern Illinois University, USA.

Mohd Ibrahim is Encorp Berhad's Chief Operating Officer, a position he assumed in October 2010. He first joined Encorp Group of Companies in 1997, beginning as Group Director of Operations and Systems. From there, he moved to various leadership positions within Encorp's diverse businesses including as Chief Executive Officer of world-class recording studio Synchrosound Studios, Vantage View, a production management company, and finally as CEO of Malaysian terrestrial television station, ntv7, in 2004.

Mohd Ibrahim began his career with international management consultant, Alexander Proudfoot Inc, where he was involved in projects in various industries in the UK and Asia. He later joined American Express International (AMEX) – Kuala Lumpur. He spent almost 13 years holding various positions within AMEX and his last position there was Director for ASEAN, India and Pakistan based in Singapore.

Mohd Ibrahim has deemed interest in the Company through Lavista Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Mohd Ibrahim does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

YBhg Datuk (Dr) Philip Ting Ding Ing

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

Datuk Philip Ting (Malaysian, aged 62) 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 an Adjunct Professor, Faculty of Business and Design, Swinburne University of Technology, Sarawak. He is also 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

Datuk (Dr) Philip Ting Ding Ing

Datuk Fong Joo Chung

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

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

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

YBhg 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 65) was appointed to the Board of Encorp Berhad on 16 April 2001.

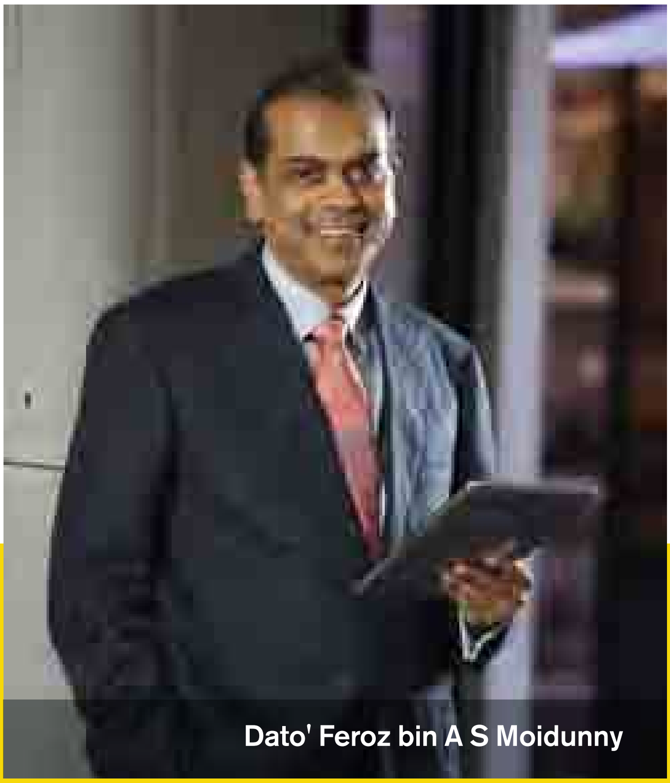
Datuk Fong graduated with a Bachelor degree in Law (LLB) with Honours from the University of Bristol, United Kingdom, in 1971 prior to obtaining his Barrister-at-law from Lincoln's Inn in the same year.

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

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

Datuk Fong does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

Dato' Chew Kong Seng @ Chew Kong Huat



Dato' Feroz bin A S Moidunny

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 76) 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 Malaysia Berhad, GuocoLand (Malaysia) Berhad and PBA Holdings Bhd.

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 Dato' Feroz bin A S Moidunny

Independent Non-Executive Director

Dato' Feroz Moidunny (Malaysian, aged 47) joined the Board of Encorp Berhad on 23 July 2013.

Dato' Feroz was conferred the Darjah Kebesaran DiRaja Kedah (D.S.D.K) in January 2010 by the Kebawah Duli Yang Maha Mulia Tuanku AlHaj Abdul Halim Mu'adzam Shah ibni Almarhum Sultan Badlishah which carries the title Dato'.

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

Dato' Feroz has over 20 years experience as a corporate lawyer and is currently the Managing Partner of Messrs Feroz & Co. Dato' Feroz is highly regarded for his specialized expertise in providing solutions in complicated corporate and commercial issues. Dato' Feroz is and had been appointed as a director in companies related to the various segments of the oil and gas sector; natural sweetener company; manufacturing of specialized vehicles; satellite services (VSAT services) and information technology provider.

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

Dato' Feroz does not have any family relationship with any director and/or major shareholder or any conflict of interest with Encorp Berhad. He has not been convicted of any offence within the past 10 years.

The Winning Team

Yeoh Soo Ann
Group Chief Executive Officer

Mohd Ibrahim Masrukin
Chief Operating Officer

Steven Hooi
Chief Executive Officer of Encorp Construct Sdn Bhd

Michael Wong
Deputy Director of Project

Tam Yet Shyan
General Manager of Finance

Lee Lay Hong
General Manager of Legal & Corporate Services

Ghazali Md Noor
General Manager of Group HRA

Maxz Cheong
Director of Operations Encorp Construct Sdn Bhd

Richard Lim
General Manager of Projects

William Seow
General Manager of Finance Properties

Michael Chee
General Manager of Shopping Mall

Dato' Khairul Yusni
Director of Special Projects

Financials

At Encorp, we have continued with our innovative approach to growth, as can be seen from our achievements in 2013.

Stimulating Profits

Contents

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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 except for the newly incorporated subsidiaries for the purpose of property investment activities as disclosed in Note 18 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit net of tax	95,821	(13,574)
Profit attributable to:		
Owners of the parent	61,496	(13,574)
Non-controlling interest	34,325	-
	95,821	(13,574)

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

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

(a) the recognition of changes in fair value of investment property which has resulted in an increase in the Group's profit by RM63,388,000 as disclosed in Note 14(a) to the financial statements; and

(b) the impairment loss on land held for property development held by a wholly owned subsidiary which has resulted in a decrease in the Group's profit by RM5,217,000 as disclosed in Note 17(a) to the financial statements.

Dividends

The amounts of dividends paid by the Company since 31 December 2012 were as follows:

	RM'000
In respect of the financial year ended 31 December 2012:	
Single-tier final dividend of 2 sen, on 223,508,536 ordinary shares declared on 24 April 2013 and paid on 10 July 2013	4,362

Dividends (contd.)

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2013, of 3 sen per ordinary share amounting to a dividend payable of approximately RM6,858,000 (subject to change on the number of ordinary shares entitled to dividend on the date of entitlement, 30 June 2014) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

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:

Datuk Dr Md Hamzah Bin Md Kassim	
Yeoh Soo Ann	
Dato' Chew Kong Seng @ Chew Kong Huat	
Datuk (Dr) Ting Ding Ing	
Datuk Fong Joo Chung	
Mohd Ibrahim Bin Masrakin	(appointed on 23 July 2013)
Dato' Feroz Bin A S Moidunny	(appointed on 23 July 2013)
Dato Sri Mohd Effendi Bin Norwawi	(resigned on 23 July 2013)
Efeida Binti Mohd Effendi	(resigned on 23 July 2013)
Dato' Kam Kok Fei	(resigned on 12 August 2013)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

Directors' interest

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

	Number of ordinary shares of RM1 each			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
(a) Direct interest in shares of the Company:				
Datuk (Dr) Ting Ding Ing	2,278,000	-	-	2,278,000
(b) Deemed interest in shares of the Company:				
Yeoh Soo Ann*	-	66,636,036	-	66,636,036
Mohd Ibrahim Bin Masrakin*	-	66,636,036	-	66,636,036

Directors' interest (contd.)

	Number of 5-year 6% redeemable convertible secured loan stocks ("RCSLS") of RM1 each			
	1.1.2013	Acquired	Sold	31.12.2013
(a) Direct interest in RCSLS of the Company:				
Datuk (Dr) Ting Ding Ing	569,500	-	-	569,500
(b) Deemed interest in RCSLS of the Company:				
Yeoh Soo Ann*	-	16,659,009	-	16,659,009
Mohd Ibrahim Bin Masrakin*	-	16,659,009	-	16,659,009

	Number of warrants of RM1 each			
	1.1.2013	Acquired	Sold	31.12.2013
(a) Direct interest in warrants of the Company:				
Datuk (Dr) Ting Ding Ing	284,750	-	-	284,750
(b) Deemed interest in warrants of the Company:				
Yeoh Soo Ann*	-	8,329,505	-	8,329,505
Mohd Ibrahim Bin Masrakin*	-	8,329,505	-	8,329,505

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

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

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM223,508,536 to RM224,855,436 by way of the issuance of 1,346,900 ordinary shares of RM1 each arising from the conversion of 1,346,900 units of 5-year 6% Redeemable Convertible Secured Loan Stocks of RM1 nominal value each.

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

Treasury shares

As at 31 December 2013, the Company held as treasury shares a total of 5,386,000 of its 224,855,436 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,559,005 and further relevant details are disclosed in Note 30(b) to the financial statements.

Other statutory information

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

   (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in respect of the financial statements of the Group and of the Company inadequate to any substantial extent; and

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

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(f) In the opinion of the directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant event

Details of the significant event is disclosed in Note 19(d) to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 14, Note 28(o) and Note 30(a) to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2014.

Yeoh Soo Ann

Mohd Ibrahim Bin Masrakin

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

We, Yeoh Soo Ann and Mohd Ibrahim Bin Masrakin, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 108 to 203 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 2013 and of their financial performance and cash flows for the year then ended.

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

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, as above, the information set out in Note 40 on page 204 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 28 April 2014.

Yeoh Soo Ann

Mohd Ibrahim Bin Masrakin

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 108 to 204 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Tam Yet Shyan
at Petaling Jaya in the state of Selangor Darul Ehsan
on 28 April 2014

Tam Yet Shyan

Before me,

Guna Papoo (B338)
Commissioner for Oaths

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

Report on the financial statements

We have audited the financial statements of Encorp Berhad, which comprise the statements of financial position as at 31 December 2013 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 108 to 203.

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 2013 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' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Other matters

The Supplementary information set out in Note 40 on page 204 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit and Losses in the context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
28 April 2014

Statements of comprehensive income
For the year ended 31 December 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Revenue	4	536,435	396,515	43,629	132,624
Cost of sales	5	(302,429)	(194,710)	(34,501)	(46,119)
Gross profit		234,006	201,805	9,128	86,505
Other income	6	72,083	10,876	3,196	3,738
Selling and marketing expenses		(33,738)	(10,546)	-	-
Administrative expenses		(29,689)	(31,733)	(20,268)	(13,819)
Finance costs	7	(118,827)	(116,126)	(6,363)	(5,516)
Other expenses		(7,905)	(7,085)	(1,142)	(1,262)
Profit/(loss) before tax	8	115,930	47,191	(15,449)	69,646
Income tax (expenses)/ benefit	11	(20,109)	(17,536)	1,875	304
Profit/(loss) net of tax		95,821	29,655	(13,574)	69,950
Other comprehensive income					
Foreign currency translation		(3,294)	505	-	-
Total comprehensive income/(loss) for the year		92,527	30,160	(13,574)	69,950
Profit/(loss) attributable to:					
Owners of the parent		61,496	12,083	(13,574)	69,950
Non-controlling interest		34,325	17,572	-	-
		95,821	29,655	(13,574)	69,950
Total comprehensive income/(loss) attributable to:					
Owners of the parent		58,202	12,588	(13,574)	69,950
Non-controlling interest		34,325	17,572	-	-
		92,527	30,160	(13,574)	69,950
Earnings per share attributable to owners of the parent (sen per share)					
Basic	12	28.14	5.54		
Diluted	12	21.40	-		

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

Consolidated statement of financial position
As at 31 December 2013

	Note	2013 RM'000	2012 RM'000 (Restated)	As at 1 January 2012 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	15	29,787	21,540	12,222
Intangible assets	16	25,165	25,530	30,776
Land held for property development	17(a)	46,712	52,846	32,062
Completed investment property	14(a)	103,300	-	-
Investment property under construction	14(b)	177,096	-	-
Trade receivables	19	998,292	1,031,419	1,063,117
Deferred tax assets	20	7,550	3,240	1,653
		1,387,902	1,134,575	1,139,830
Current assets				
Property development costs	17(b)	157,976	300,959	223,092
Inventories	21	1,525	44,972	44,615
Tax recoverable		1,394	130	515
Trade and other receivables	19	146,602	107,008	81,602
Other current assets	22	153,485	40,700	48,973
Investment security	24	115,808	246,768	118,074
Cash and bank balances	25	79,805	51,801	30,927
		656,595	792,338	547,798
Total assets		2,044,497	1,926,913	1,687,628

Consolidated statement of financial position
As at 31 December 2013 (contd.)

	Note	2013 RM'000	2012 RM'000 (Restated)	As at 1 January 2012 RM'000 (Restated)
Equity and liabilities				
Current liabilities				
Trade and other payables	26	178,536	111,700	112,146
Other current liabilities	27	11,255	11,323	6,544
Loans and borrowings	28	145,370	169,460	98,805
Income tax payable		9,727	5,094	1,943
		344,888	297,577	219,438
Net current assets		311,707	494,761	328,360
Non-current liabilities				
Trade payables	26	33,314	44,596	30,308
Loans and borrowings	28	1,251,084	1,254,505	1,132,467
Deferred tax liabilities	20	2,843	6,836	7,814
		1,287,241	1,305,937	1,170,589
Total liabilities		1,632,129	1,603,514	1,390,027
Net assets		412,368	323,399	297,601
Equity attributable to owners of the parent				
Share capital	30	224,856	223,509	223,509
Treasury shares	30	(4,559)	(4,559)	(4,559)
Share premium	30	102,440	102,435	102,435
Other reserves	31	2,593	5,887	5,382
Retained earnings/(accumulated losses)	32	3,446	(53,688)	(61,409)
		328,776	273,584	265,358
Non-controlling interest		83,592	49,815	32,243
Total equity		412,368	323,399	297,601
Total equity and liabilities		2,044,497	1,926,913	1,687,628

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

Statement of financial position
As at 31 December 2013

	Note	2013 RM'000	2012 RM'000 (Restated)	As at 1 January 2012 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	15	22,884	21,853	10,155
Intangible assets	16	269	785	1,046
Investment in subsidiaries	18	295,960	295,960	295,960
		319,113	318,598	307,161
Current assets				
Tax recoverable		-	60	60
Trade and other receivables	19	151,779	137,107	111,857
Other current assets	22	6,603	184	151
Investment security	24	2,555	37,300	-
Cash and bank balances	25	8,495	2,728	5,925
		169,432	177,379	117,993
Total assets		488,545	495,977	425,154
Equity and liabilities				
Current liabilities				
Trade and other payables	26	26,579	27,293	35,813
Other current liabilities	27	-	2	35
Loans and borrowings	28	14,549	4,771	2,881
		41,128	32,066	38,729
Net current assets		128,304	145,313	79,264
Non-current liabilities				
Loans and borrowings	28	75,930	75,250	63,019
Deferred tax liabilities	20	56	646	979
		75,986	75,896	63,998
Total liabilities		117,114	107,962	102,727
Net assets		371,431	388,015	322,427

Statement of financial position
As at 31 December 2013 (contd.)

	Note	2013 RM'000	2012 RM'000 (Restated)	As at 1 January 2012 RM'000 (Restated)
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	30	224,856	223,509	223,509
Treasury shares	30	(4,559)	(4,559)	(4,559)
Share premium	30	102,440	102,435	102,435
Other reserves	31	3,640	3,640	3,640
Retained earnings/ (accumulated losses)	32	45,054	62,990	(2,598)
Total equity		371,431	388,015	322,427
Total equity and liabilities		488,545	495,977	425,154

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 2013

			Attributable to owners of the parent									
				Non-distributable							Distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves, total RM'000	Warrant reserve RM'000	Equity component of RCSLS RM'000	Foreign currency translation reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Non-controlling interest RM'000
At 1 January 2013												
As previously stated		398,677	348,862	223,509	102,435	(4,559)	5,887	3,640	-	2,247	21,590	49,815
Prior year adjustments	39	(75,278)	(75,278)	-	-	-	-	-	-	-	(75,278)	-
As restated		323,399	273,584	223,509	102,435	(4,559)	5,887	3,640	-	2,247	(53,688)	49,815
Total comprehensive income		92,527	58,202	-	-	-	(3,294)	-	-	(3,294)	61,496	34,325
Transactions with owners												
Dividends on ordinary shares	13	(4,362)	(4,362)	-	-	-	-	-	-	-	(4,362)	-
Dividends paid by a subsidiary		(548)	-	-	-	-	-	-	-	-	-	(548)
Issuance of ordinary shares:												
- Conversion of RCSLS		1,352	1,352	1,347	5	-	-	-	-	-	-	-
Total transactions with owners		(3,558)	(3,010)	1,347	5	-	-	-	-	-	(4,362)	(548)
At 31 December 2013		412,368	328,776	224,856	102,440	(4,559)	2,593	3,640	-	(1,047)	3,446	83,592
At 1 January 2012												
As previously stated		379,799	347,556	223,509	102,435	(4,559)	7,297	4,681	874	1,742	18,874	32,243
Prior year adjustments	39	(82,198)	(82,198)	-	-	-	(1,915)	(1,041)	(874)	-	(80,283)	-
As restated		297,601	265,358	223,509	102,435	(4,559)	5,382	3,640	-	1,742	(61,409)	32,243
Total comprehensive income (restated)		30,160	12,588	-	-	-	505	-	-	505	12,083	17,572
Transactions with owners												
Dividends on ordinary shares	13	(4,362)	(4,362)	-	-	-	-	-	-	-	(4,362)	-
At 31 December 2012 (restated)		323,399	273,584	223,509	102,435	(4,559)	5,887	3,640	-	2,247	(53,688)	49,815

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 2013

			Non-distributable						Distributable
	Note	**Equity, total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Other reserves, total RM'000**	**Warrant reserves RM'000**	**Equity component of RCSLS RM'000**	**Retained earnings (Note 32) RM'000**
At 1 January 2013		388,015	223,509	102,435	(4,559)	3,640	3,640	-	62,990
Total comprehensive income		(13,574)	-	-	-	-	-	-	(13,574)
Transactions with owners									
Issuance of ordinary shares:									
- Conversion of RCSLS		1,352	1,347	5	-	-	-	-	-
Dividend paid	13	(4,362)	-	-	-	-	-	-	(4,362)
Total transactions with owners		(3,010)	1,347	5	-	-	-	-	(4,362)
At 31 December 2013		371,431	224,856	102,440	(4,559)	3,640	3,640	-	45,054
At 1 January 2012									
As previously stated		324,342	223,509	102,435	(4,559)	5,555	4,681	874	(2,598)
Prior year adjustments	39	(1,915)	-	-	-	(1,915)	(1,041)	(874)	-
As restated		322,427	223,509	102,435	(4,559)	3,640	3,640	-	(2,598)
Total comprehensive income		69,950	-	-	-	-	-	-	69,950
Transactions with owners									
Dividend paid	13	(4,362)	-	-	-	-	-	-	(4,362)
At 31 December 2012		388,015	223,509	102,435	(4,559)	3,640	3,640	-	62,990

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 2013

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Operating activities				
Profit/(loss) before tax	115,930	47,191	(15,449)	69,646
Adjustments for:				
Depreciation	2,352	1,852	917	974
Amortisation of intangible assets	322	360	224	287
Interest expense	118,827	116,126	6,363	5,516
Distribution income from money market investment security	(3,233)	(3,894)	(228)	(349)
Gain on disposal of investment security	(2,124)	(1,118)	(230)	(190)
Interest income	(1,523)	(1,058)	(2,738)	(2,595)
Provision for short term accumulating compensated absences	73	217	-	69
Loss/(gain) on disposal of property, plant and equipment	726	(160)	788	(121)
Loss on disposal of intangible asset	33	-	33	-
Changes in fair value of investment property	(63,388)	-	-	-
(Reversal)/allowance for impairment on other receivables	-	(564)	153	-
Write off of intangible asset	-	7	-	-
Write off of property, plant equipment	32	-	32	-
Impairment of goodwill on consolidation	-	4,917	-	-
Impairment for land held for property development	5,217	-	-	-
Impairment of intangible assets	3	-	-	-
Impairment of trade receivables	3	-	-	-
Impairment of property, plant and equipment	1	-	-	-
Adjustments for property, plant and equipment (Note 15)	2,274	-	-	-
Unrealised foreign exchange loss/(gain)	-	-	3,724	(466)
Finance income - other liabilities at amortised costs	(89)	(2,778)	-	-
Bad debts written off	9	2,764	-	-

Statements of cash flows
For the year ended 31 December 2013 (contd.)

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Operating activities (contd.)				
Operating cash flows before working capital changes brought forward	175,445	163,862	(6,411)	72,771
Changes in working capital:				
Development expenditure	142,983	(77,867)	-	-
Inventories	43,447	(358)	-	-
Trade and other receivables	(6,444)	4,092	(17,264)	3,656
Other current assets	(328,362)	(12,511)	(6,419)	(32)
Corporate shareholder of the company and of a subsidiary	-	(3,310)	-	(188)
Trade and other payables	54,372	18,566	(714)	(352)
Other current liabilities	(68)	4,778	(2)	(32)
Subsidiaries	-	-	-	(36,489)
	81,373	97,252	(30,810)	39,334
Interest paid	(2,611)	(2,129)	(292)	(235)
Income taxes (paid)/refunded	(25,084)	(16,566)	60	(30)
Net cash flows generated from/ (used in) operating activities	53,678	78,557	(31,042)	39,069
Investing activities				
Purchase of property, plant and equipment (Note a)	(10,755)	(8,230)	(1,870)	(12,372)
Purchase of intangible assets (Note a)	(252)	(38)	-	(26)
Proceeds from disposal of property, plant and equipment	920	246	50	121
Proceeds from disposal of intangible assets	259	-	259	-
Investment in investment security	133,084	(127,573)	34,975	(37,111)
Interest received	1,523	1,058	2,738	2,595
Distribution income	3,233	3,894	228	349
Net cash flows generated from/ (used in) investing activities	128,012	(130,643)	36,380	(46,444)

Statements of cash flows
For the year ended 31 December 2013 (contd.)

	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000 (Restated)
Financing activities				
Dividends paid to:				
- shareholders of the Company	(4,910)	(4,362)	(4,362)	(4,362)
(Placement)/withdrawal of deposits pledged	(8,876)	14,497	(5,936)	(46)
Drawdown from loans and borrowings	123,393	83,234	10,182	13,347
Repayment of loans and borrowings	(25,238)	(212)	(493)	-
Redemption of Al-Bai Bithaman Ajil Notes ("ABBA Notes")	-	(1,135,581)	-	-
Sukuk Murabahah	(236,083)	1,134,959	-	-
Payment of RCSLS coupon	(3,912)	(3,942)	(3,912)	(3,942)
Net repayment of finance lease payables	(2,236)	(1,289)	(986)	(865)
Net cash flow (used in)/ generated from financing activities	(157,862)	87,304	(5,507)	4,132
Net increase/(decrease) in cash and cash equivalents	23,828	35,218	(169)	(3,243)
Effect of exchange rate changes on cash and cash equivalents	(4,700)	504	-	-
Cash and cash equivalents at beginning of year	47,613	11,891	339	3,582
Cash and cash equivalents at end of year (Note 25)	66,741	47,613	170	339

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

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash	11,007	8,268	1,870	12,398
Finance lease	4,315	3,025	948	300
	15,322	11,293	2,818	12,698

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

Notes to the financial statements
31 December 2013

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 except for the newly incorporated subsidiaries for the purpose of property investment activities as disclosed in Note 18 to the financial statements.

The consolidated financial statements of Encorp Berhad and its subsidiaries (collectively, the Group) for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 28 April 2014.

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 2013 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

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

On 1 January 2013, the Group and the Company adopted the following applicable new and amended FRSs and IC interpretations mandatory for annual financial periods beginning on or after 1 January 2013:

Description	Effective for annual periods beginning on or after
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10: Consolidated Financial Statements	1 January 2013
FRS 11: Joint Arrangements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Employee Benefits	1 January 2013
FRS 127: Separate Financial Statements	1 January 2013
FRS 128: Investment in Associates 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 1: First-time Adoption of Malaysian Financial Standards - Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Improvements to FRSs (2012)	1 January 2013

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:

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

The amendments to FRS 101 introduced a grouping of items presented in Other Comprehensive Income. Items will 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 amendments affect presentation only and has no impact on the Group's financial position or performance.

FRS 10: Consolidated financial statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 12: Disclosure of Interests in Other Entities

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

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. Application of FRS 13 resulted in additional disclosures, which have been included in the individual notes relating to the assets and liabilities whose fair values were determined.

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.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below.

Description	Effective for annualperiods beginning on or after
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities	1 January 2014
Amendments to FRS 136 Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets	1 January 2014
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2009)	To be announced

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application, except for those discussed below:

FRS 9: Financial Instruments

FRS 9 reflects the first phase of the work on the replacement of FRS 139 and applies to classification and measuarement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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.

However, on 4 July 2012, MASB has decided to allow the Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014.

On 7 August 2013, MASB has decided to extend the transitional period for another year, i.e. the adoption of MFRS framework by all entities for annual periods beginning on or after 1 January 2015.

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 2015. 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 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 2015.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

- Exposure, or rights, to variable returns from its involvement with the investee; and

- The ability to use its power over the investee to affect its returns.

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Rights arising from other contractual arrangements;

- The Group's voting rights and potential voting rights; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns of previous shareholders' meetings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10(a).

2. Summary of significant accounting policies (contd.)

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.7 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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.)

2.7 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.

2.8 Investment property

Investment property comprises completed property and property under construction that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise, including the corresponding tax effect. For the purposes of these financial statements, in order to avoid double accounting, the assessed carrying value is:

- Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

- Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the statement of financial position as a finance lease obligation.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the income statement in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period’s financial statements.

2. Summary of significant accounting policies (contd.)

2.8 Investment property (contd.)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Investment property under construction is measured at cost based on the costs certified up to the end of the reporting year.

2.9 Property, plant and equipment

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

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

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

Motor vehicles	5 years
Office equipment, furniture and fittings	5 – 10 years
Office renovation	10 years
Plant and machinery	5 – 10 years
Crockery, cutlery and glassware	10 years

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

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (contd.)

2.10 Intangible assets

a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

b) Other intangible assets

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

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

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.

2. Summary of significant accounting policies (contd.)

2.10 Intangible assets (contd.)

b) Other intangible assets (contd.)

Computer software

The Group has developed the following criteria to identify computer software to be classified as intangible asset:

- software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property and equipment; and

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

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. Summary of significant accounting policies (contd.)

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group 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 determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss and loans and receivables.

a) Financial assets at fair value through profit or loss

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

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

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

b) Loans and receivables

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group 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 past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

2.14 Cash and cash equivalents

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

2.15 Construction contracts

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.16 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

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

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

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

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

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

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

2.17 Inventories

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

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

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

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

2. 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 become a party to the contractual provisions of the financial instrument. All financial liabilities of the Group are classified as other financial liabilities.

Other financial liabilities

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

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

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

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

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

2.20 Borrowing costs

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

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

2. 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 2.23(i).

2.23 Revenue

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

a) Sale of properties

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

b) Construction contracts

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

c) Sale of goods

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

2. Summary of significant accounting policies (contd.)

2.23 Revenue (contd.)

d) Concession income

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

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

e) Interest income

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

Interest income is recognised using the effective interest method.

f) Distribution income

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

g) Dividend income

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

h) Management fees

Management fees are recognised when services are rendered.

i) Rental income

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

2.24 Income taxes

a) Current tax

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

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

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

b) Deferred tax (contd.)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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. Summary of significant accounting policies (contd.)

2.25 Redeemable convertible secured loan stocks (“RCSLS”)

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

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

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

2.26 Segment reporting

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

2.27 Share capital and share issuance expenses

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

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

2.28 Treasury shares

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

2.29 Contingencies

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

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

2. Summary of significant accounting policies (contd.)

2.30 Fair value measurements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.30 Fair value measurements (contd.)

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

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification of property

The Group determines whether a property is classified as investment property or inventory property:

- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

(b) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(c) Consolidation

The Group determined that it controls Etika Tapis Sdn. Bhd. and Red Carpet Culinary Sdn. Bhd. which are both 50% owned by Must Ehsan Development Sdn. Bhd. The Group has power over both the investee with the ability to direct their activities that significantly affect the investees' returns.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty

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

(a) Impairment of goodwill

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

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

(b) Property development

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

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

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 17.

(c) Construction contract

The Group recognises contract revenue and costs in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred and the estimated total contract revenue and costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of engineers, quantity surveyors and architects.

(d) Income tax and deferred taxation

Significant estimation was involved in determining the provision for income taxes and deferred taxation. There were certain transactions and computations for which the ultimate tax determination was uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(e) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 19.

(f) Valuation of property

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

The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 14.

4. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Concession income	104,866	107,888	-	-
Sale of properties	342,516	228,542	-	-
Construction contract revenue	82,569	55,857	35,217	47,060
Sale of goods	5,996	4,228	-	-
Rental income	488	-	-	-
Dividend income from subsidiaries	-	-	-	77,092
Management fees from	-			
subsidiaries	-	-	8,412	8,472
	536,435	396,515	43,629	132,624

5. Cost of sales

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property development costs (Note 17(b))	217,493	138,689	-	-
Property expenses	890	-	-	-
Construction contract costs	73,787	48,688	34,501	46,119
Cost of goods and services sold	10,259	7,333	-	-
	302,429	194,710	34,501	46,119

6. Other income

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Gain on disposal of investment security	2,124	1,118	230	190
Rental income	200	1,078	-	-
Reversal over accrued expenses	120	508	-	-
Reversal of allowance for impairment on other receivables	322	-	-	-
Interest income	1,523	1,058	2,738	2,595
Distribution income from money market investment security	3,233	3,894	228	349
Foreign exchange gain				
- Realised	91	-	-	-
- Unrealised	-	-	-	466
Finance income - other liabilities at amortised costs*	89	2,778	-	-
Other income	931	282	-	17
Gain on disposal of property, plant and equipment	62	160	-	121
Changes in fair value of investment properties (Note 14(a))	63,388	-	-	-
	72,083	10,876	3,196	3,738

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

7. Finance costs

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Interest expense on:				
- Al-Bai Bithaman Ajil Notes ("ABBA Notes")	-	36,446	-	-
- Sukuk Murabahah	108,947	71,124	-	-
- Obligations under finance leases	289	162	67	90
- Bank credit facilities, bank loans and bank overdraft	12,511	4,217	638	451
- Trade payables	211	2,949	-	-
- RCSLS coupon (Note 28(o))	6,071	5,281	6,071	5,281
Unwinding of discount on other liabilities at amortised costs*	1,198	1,146	-	-
Less:				
- Interest capitalised in property property development cost (Note 17(b))	(4,225)	(4,893)	-	-
- Interest capitalised in investment property under construction (Note 14(b))	(5,762)	-	-	-
- Interest capitalised in property, plant and equipment (Note 15)	(413)	(306)	(413)	(306)
Total finance costs	118,827	116,126	6,363	5,516

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

8. Profit/(loss) before tax

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

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Employee benefits expense (Note 9)	22,699	18,560	11,410	8,727
Non-executive directors' remuneration (Note 10)	498	487	456	444
Auditors' remuneration:				
- current year	242	200	61	55
- under provision in prior year	15	7	2	-
- other services	12	83	-	6
Impairment loss on financial asset:				
- Trade receivables (Note 19)	3	-	-	-
- Other receivables (Note 19)	-	564	-	-
- Other receivables from a subsidiary (Note 19)	-	-	153	-
Depreciation of property, plant and equipment (Note 15)	2,352	1,852	917	974
Amortisation of intangible assets (Note 16)	322	360	224	287
Impairment of intangible assets (Note 16)	3	-	-	-
Impairment of goodwill on consolidation (Note 16)	-	4,917	-	-
Impairment of land held for property development (Note 17(a))	5,217	-	-	-
Impairment of property, plant and equipment (Note 15)	1	-	-	-
Operating lease - minimum lease payments on:				
- premises	132	104	228	228
- equipment	239	158	122	58
- others	54	-	-	-
Bad debts written off	9	2,764	-	-
Net loss on disposal of intangible assets	33	-	33	-
Write off of intangible assets	-	7	-	-
Write off of property, plant and equipment (Note 15)	32	-	32	-
Foreign exchange (gain)/loss				
- Realised	(91)	-	-	-
- Unrealised	-	-	3,724	(466)
Net loss on disposal of property, plant and equipment	726	-	788	-

9. Employee benefits expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	19,009	14,717	9,812	7,087
Social security contributions	88	74	34	30
Contributions to defined contribution plan	1,859	1,615	802	797
Provision of short term accumulating compensated absences (Note 26(f))	73	217	-	69
Other benefits	1,670	1,937	762	744
	22,699	18,560	11,410	8,727

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,504,000 (2012: RM2,608,000) and RM2,456,000 (2012: RM2,560,000) respectively as further disclosed in Note 10.

10. Directors' remuneration

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive:				
Salaries and other emoluments	2,161	2,305	2,161	2,257
Fees	128	94	80	94
Defined contribution plan	215	209	215	209
Total executive directors' remuneration (excluding benefits-in-kind)(Note 8)	2,504	2,608	2,456	2,560
Estimated money value of benefits-in-kind*	933	239	933	239
Total executive directors' remuneration (including benefits-in-kind)	3,437	2,847	3,389	2,799
Non-executive:				
Fees	469	459	429	417
Allowances and other emoluments	29	28	27	27
Total non-executive directors' remuneration (excluding benefits-in -kind) (Note 8)	498	487	456	444
Estimated money value of benefits-in-kind	6	-	6	-
Total non-executive directors' remuneration (including benefits-in-kind)	504	487	462	444
Total directors' remuneration	3,941	3,334	3,851	3,243

* Included in the estimated money value of benefits-in-kind of the Group and the Company are the transfer of motor vehicles to former executive directors amounting to RM838,000 (2012: NIL) as disclosed in Note 34(a).

10. Directors' remuneration (contd.)

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

	Number of directors	
	2013	2012
Executive directors:		
RM100,001 - RM150,000	1	-
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-
RM 900,001 - RM950,000	1	1
RM 1,200,001 - RM1,250,000	1	-
RM 1,650,001 - RM1,700,000	-	1
Non-executive directors:		
< RM50,000	2	1
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	3	3

11. Income tax expense/(benefit)

Major components of income tax expense/(benefit)

The major components of income tax expense/(benefit) for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	28,187	20,427	(1,285)	30
- Under/(over) provision in respect of previous years	225	(326)	-	-
	28,412	20,101	(1,285)	30
Deferred income tax (Note 20):				
- Origination and reversal of temporary differences	(7,507)	(2,701)	(539)	(334)
- (Over)/under provision in respect of previous years	(796)	136	(51)	-
	(8,303)	(2,565)	(590)	(334)
Income tax expense/(benefit) recognised in profit or loss	20,109	17,536	(1,875)	(304)

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

Reconciliation between tax expense/(benefit) and accounting profit

The reconciliation of income tax expense/(benefit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Profit/(loss) before tax	115,930	47,191	(15,449)	69,646
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	29,166	11,798	(3,678)	17,412
Different tax rates in other countries	(265)	(20)	-	-
Adjustments:				
Non-deductible expenses	9,958	6,074	1,726	2,352
Income not subject to taxation	(2,664)	(1,268)	(798)	(20,009)
Utilisation of previously unutilised tax losses and unabsorbed capital allowances	-	(610)	46	(178)
Deferred tax assets not recognised	860	1,752	880	119
(Over)/under provision of tax expense in prior years				
- current taxation	226	(326)	-	-
- deferred tax	(796)	136	(51)	-
Deferred tax assets recognised at different tax rate	(16,376)	-	-	-
Income tax expense/(benefit) recognised in profit or loss	20,109	17,536	(1,875)	(304)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

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

12. Earnings per share

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

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

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

	Group	
	2013 RM'000	**2012 RM'000 (Restated)**
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	61,496	12,083
Interest expense on RCSLS coupon (Note 7)	6,071	-
Profit net of tax attributable to owners of the parent used in the computation of diluted earnings per share	67,567	12,083
Weighted average number of ordinary shares for basic earnings per share computation*	218,516	218,123
Effects on dilution - RCSLS	64,359	-
Effects on dilution - Warrants	32,853	-
Weighted average number of ordinary shares for diluted earnings per share computation*	315,728	218,123
	Sen	**Sen (Restated)**
Basic earnings per share	28.14	5.54
Diluted earnings per share	21.40	-

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

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

13. Dividends

	Group and Company 2013 RM'000	2012 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
Final tax exempt (single-tier) dividend for 2012: 2 sen per share	4,362	-
Interim tax exempt (single-tier) dividend for 2012: 2 sen per share	-	4,362
	4,362	4,362
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares subject to shareholder approval		
- Final tax exempt (single-tier) dividend for 2013: 3 sen (2012: 2 sen) per share	6,858	4,362

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2013, of 3 sen per ordinary share amounting to a dividend payable of approximately RM6,858,000 (subject to change on the number of ordinary shares entitled to dividend on the date of entitlement, 30 June 2014) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

14. Investment properties

(a) Completed investment properties

	Group Terrace shop offices *Level 2* RM'000
At 1 January 2013	-
Transferred from inventories	39,846
Capital expenditure on acquired properties	66
Fair value adjustment recognised in profit or loss (Note 6)	63,388
At 31 December 2013	103,300
Fair value for financial reporting purposes	
Market value as estimated by the external valuer	103,300

As at 31 December 2013, the fair values of the property is based on the valuation performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the categories of the investment property being valued. The basis of valuation adopted is the market value which is defined as the estimated amount for which a property should be exchanged on the date of valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

14. Investment properties (contd.)

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

(b) Investment property under construction

	Group 2013 RM'000
Cost	
At 1 January 2013	-
Transferred from property development cost (Note 17(b))	112,934
Subsequent expenditure	64,162
At 31 December 2013	177,096

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

	Group 2013 RM'000	Group 2012 RM'000
Interest expense (Note 7)	5,762	-

The leasehold land with carrying value of RM5,410,000 (2012: RM Nil) included in the investment property under construction has been pledged as security for bank loan (Note 28(g)).

As at reporting date, the fair value less cost to complete for the investment property under construction is RM192,660,000. The valuation technique used to determine the fair value is the market approach, adjusted for other unobservable inputs. Recent transactions and asking prices of similar property under construction as well as completed buildings in the larger locality were analysed for comparison purposes with adjustments made for differences in location, visibility/accessibility, age/condition of building, design and quality, tenure, size, title restrictions if any and other relevant characteristics to arrive at market value. As a check, the income approach was also used. This entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

The investment property under construction is classified as Level 3 in the fair value hierarchy.

Subsequent event

Subsequent to the financial year end, the construction of the investment property has been completed with the receipt of the certificate of completion from the relevant authority.

15. Property, plant and equipment

	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Plant and machinery RM'000	Crockery, cutlery and glasswares RM'000	Buildings RM'000	Property under construction RM'000	Total RM'000
Group								
Cost:								
At 1 January 2012	3,087	3,103	4,318	1,091	462	-	4,018	16,079
Additions	1,310	307	414	2,392	27	-	6,805	11,255
Disposals	(300)	(99)	(124)	-	-	-	-	(523)
Reclassification	-	312	(63)	-	(249)	-	-	-
At 31 December 2012 and 1 January 2013	4,097	3,623	4,545	3,483	240	-	10,823	26,811
Additions	3,240	258	372	5,009	129	5,070	992	15,070
Adjustments*	-	-	-	-	-	-	(2,274)	(2,274)
Disposals	(1,942)	-	-	(802)	-	-	-	(2,744)
Written off	-	(58)	(10)	-	-	-	-	(68)
Exchange differences	-	(7)	-	-	-	-	-	(7)
At 31 December 2013	5,395	3,816	4,907	7,690	369	5,070	9,541	36,788

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

15. Property, plant and equipment (contd.)

	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Plant and machinery RM'000	Crockery, cutlery and glasswares RM'000	Buildings RM'000	Property under construction RM'000	Total RM'000
Group								
Accumulated depreciation:								
At 1 January 2012	1,039	1,949	748	108	13	-	-	3,857
Charge for the year (Note 8)	719	358	464	288	23	-	-	1,852
Disposals	(300)	(99)	(39)	-	-	-	-	(438)
Reclassification	-	9	(2)	-	(7)	-	-	-
Exchange differences	-	*	-	-	-	-	-	-
At 31 December 2012 and 1 January 2013	1,458	2,217	1,171	396	29	-	-	5,271
Charge for the year	972	287	469	1,034	28	76	-	2,866
Recognised in profit or loss (Note 8)	972	287	469	520	28	76	-	2,352
Capitalised in construction costs (Note 23)	-	-	-	514	-	-	-	514
Impairment loss (Note 8)	-	1	-	-	-	-	-	1
Disposals	(1,013)	-	-	(85)	-	-	-	(1,098)
Written off	-	(27)	(9)	-	-	-	-	(36)
Exchange differences	-	(3)	-	-	-	-	-	(3)
At 31 December 2013	1,417	2,475	1,631	1,345	57	76	-	7,001
Net carrying amount								
At 31 December 2012	2,639	1,406	3,374	3,087	211	-	10,823	21,540
At 31 December 2013	3,978	1,341	3,276	6,345	312	4,994	9,541	29,787

* Represents RM 284

15. Property, plant and equipment (contd.)

	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Property under construction RM'000	Total RM'000
Company					
Cost:					
At 1 January 2012	2,426	2,580	1,216	5,786	12,008
Additions	350	300	169	11,853	12,672
Disposals	-	(300)	(15)	-	(315)
At 31 December 2012 and 1 January 2013	2,776	2,580	1,370	17,639	24,365
Additions	-	1,236	15	1,567	2,818
Disposals	-	(1,839)	-	-	(1,839)
Write off	(10)	-	(58)	-	(68)
At 31 December 2013	2,766	1,977	1,327	19,206	25,276
Accumulated depreciation:					
At 1 January 2012	471	841	541	-	1,853
Charge for the year (Note 8)	275	533	166	-	974
Disposals	-	(300)	(15)	-	(315)
At 31 December 2012 and 1 January 2013	746	1,074	692	-	2,512
Charge for the year (Note 8)	277	488	152	-	917
Disposals	-	(1,001)	-	-	(1,001)
Write off	(9)	-	(27)	-	(36)
At 31 December 2013	1,014	561	817	-	2,392
Net carrying amount					
At 31 December 2012	2,030	1,506	678	17,639	21,853
At 31 December 2013	1,752	1,416	510	19,206	22,884

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 RM413,000 (2012: RM306,000) (Note 7).

Asset held under finance leases

During the financial year, the Group and the Company acquired motor vehicles and plant and machinery with an aggregate cost of RM4,787,000 (2012: RM3,501,000) and RM1,123,000 (2012: RM300,000) respectively by means of finance leases. The cash outflow on acquisition of motor vehicles and plant and machinery of the Group and of the Company amounted to RM3,462,000 (2012: RM100,000) and RM113,000 (2012: RM Nil) respectively.

The carrying amount of motor vehicles and plant and machinery of the Group and of the Company held under finance lease at the reporting date were RM7,534,000 (2012: RM5,131,000) and RM1,416,000 (2012: RM1,422,000) respectively.

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

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

16. Intangible assets

	Goodwill on consolidation RM'000 (Restated)	Computer software RM'000	Total RM'000
Group			
Cost:			
At 1 January 2012	197,003	1,808	198,811
Additions	-	38	38
Written off (Note 8)	-	(7)	(7)
At 31 December 2012 and 1 January 2013	197,003	1,839	198,842
Additions	-	252	252
Disposal	-	(625)	(625)
At 31 December 2013	197,003	1,466	198,469

16. Intangible assets (contd.)

	Goodwill on consolidation RM'000 (Restated)	Computer software RM'000	Total RM'000
Accumulated amortisation and impairment:			
At 1 January 2012	(87,299)	(453)	(87,752)
Prior year adjustments (Note 39)	(80,283)	-	(80,283)
As restated	(167,582)	(453)	(168,035)
Impairment loss (restated) (Note 8)	(4,917)	-	(4,917)
Amortisation (Note 8)	-	(360)	(360)
At 31 December 2012 and 1 January 2013 (restated)	(172,499)	(813)	(173,312)
Impairment loss (Note 8)	-	(3)	(3)
Amortisation (Note 8)	-	(322)	(322)
Disposal	-	333	333
At 31 December 2013	(172,499)	(805)	(173,304)
Net carrying amount:			
At 1 January 2012 (restated)	29,421	1,355	30,776
At 31 December 2012 (restated)	24,504	1,026	25,530
At 31 December 2013	24,504	661	25,165

16. Intangible assets (contd.)

	Computer software RM'000
Company	
Cost:	
At 1 January 2012	1,406
Additions	26
At 31 December 2012 and 1 January 2013	1,432
Disposal	(625)
At 31 December 2013	807
Accumulated amortisation:	
At 1 January 2012	(360)
Amortisation (Note 8)	(287)
At 31 December 2012 and 1 January 2013	(647)
Disposal	333
Amortisation (Note 8)	(224)
At 31 December 2013	(538)
Net carrying amount:	
At 31 December 2012	785
At 31 December 2013	269

Impairment testing for goodwill

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

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

	2013 RM'000	2012 RM'000 (Restated)
Property development	24,504	24,504

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

16. Intangible assets (contd.)

Key basis used in determining the recoverable amount:

(a) Property development

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

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

	Property development segment 2013
Pre-tax discount rates	8%

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

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

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

(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).

During the financial year, the Company made a prior year adjustment relating to an impairment loss of goodwill on consolidation of RM75,278,000 which should have been recorded in previous financial years as the carrying amount of the CGU to which the goodwill is allocated had exceeded the recoverable amount then. The effect of this prior year adjustment is disclosed in Note 39.

Impairment loss and amortisation recognised

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

17. Land held for property development and property development costs

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Group			
At 31 December 2013			
Cost			
At 1 January 2013	20,784	32,062	52,846
Addition	750	-	750
Exchange differences	(1,636)	-	(1,636)
At 31 December 2013	19,898	32,062	51,960
Accumulated impairment losses			
As at 1 January 2013	-	-	-
Impairment loss (Note 8)	(5,217)	-	(5,217)
Exchange differences	(31)	-	(31)
As at 31 December 2013	(5,248)	-	(5,248)
Carrying amount			
At 31 December 2013	14,650	32,062	46,712
At 31 December 2012			
Cost			
At 1 January 2012	-	32,062	32,062
Additions	20,784	-	20,784
At 31 December 2012	20,784	32,062	52,846
Carrying amount			
At 31 December 2012	20,784	32,062	52,846

The freehold land held for property development with carrying amount of RM14,650,000 (2012: RM Nil) has been pledged as security for bank loan obtained (Note 28(l)).

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

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2013				
Cumulative property development costs				
At 1 January 2013	58,939	65,128	617,274	741,341
Costs incurred during the year	-	-	190,207	190,207
Transferred to investment property under construction (Note 14(b))	-	(5,410)	(107,524)	(112,934)
Unsold units transferred to inventories	-	-	(1,448)	(1,448)
Exchange difference	(1,315)	-	-	(1,315)
At 31 December 2013	57,624	59,718	698,509	815,851
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2013	-	(40,505)	(399,877)	(440,382)
Recognised during the year (Note 5)	(4,157)	(8,432)	(204,904)	(217,493)
At 31 December 2013	(4,157)	(48,937)	(604,781)	(657,875)
Property development costs at 31 December 2013	53,467	10,781	93,728	157,976

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

(b) Property development costs (contd.)

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
At 31 December 2012				
Cumulative property development costs				
At 1 January 2012	33,008	65,128	426,649	524,785
Costs incurred during the year	25,931	-	190,847	216,778
Unsold units transferred to inventories	-	-	(222)	(222)
At 31 December 2012	58,939	65,128	617,274	741,341
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2012	-	(30,515)	(271,178)	(301,693)
Recognised during the year (Note 5)	-	(9,990)	(128,699)	(138,689)
At 31 December 2012	-	(40,505)	(399,877)	(440,382)
Property development costs at 31 December 2012	58,939	24,623	217,397	300,959

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

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

	Group	
	2013	2012
	RM'000	RM'000
Interest expense (Note 7)	4,225	4,893

The leasehold land held for development was purchased from PKNS in prior years as disclosed in Note 26(b). Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

The freehold land under development with carrying value of RM53,467,000 (2012: RM58,939,000) has been pledged as security for bank loan obtained (Note 28(i) and (k)).

The leasehold land under development with carrying value of RM5,918,000 (2012: RM11,328,000), has been pledged as security for bank loan obtained (Note 28(g)).

18. Investment in subsidiaries

	Company	
	2013	2012
	RM'000	RM'000
Unquoted shares, at costs	295,960	295,960

18. Investment in subsidiaries (contd.)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest 2012	Proportion (%) of ownership interest held by non-controlling interests 2013	Proportion (%) of ownership interest held by non-controlling interests 2012
Encorp Construction & Infrastructure Sdn. Bhd.	50,000	Malaysia	Investment holding	100	100	-	-
Encorp Must Sdn. Bhd.	10,000	Malaysia	Investment holding and property project management	100	100	-	-
Encorp Development Pty. Ltd.^	+	Australia	Property development	100	100	-	-
Encorp Facilities Management Sdn. Bhd.	*	Malaysia	Facilities management service provider	100	100	-	-
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd.							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construct Sdn. Bhd.	15,000	Malaysia	Property construction	100	100	-	-
Subsidiary of Encorp Construct Sdn. Bhd.							
Encorp Trading Services Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-

18. Investment in subsidiaries (contd.)

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

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest 2012	Proportion (%) of ownership interest held by non-controlling interests 2013	Proportion (%) of ownership interest held by non-controlling interests 2012
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	*	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.^	*	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	100	Malaysia	Property investment	100	-	-	-
Encorp Parking Sdn. Bhd.^	*	Malaysia	Property investment	100	-	-	-

18. Investment in subsidiaries (contd.)

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

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	Proportion (%) of ownership interest 2012	Proportion (%) of ownership interest held by non-controlling interests 2013	Proportion (%) of ownership interest held by non-controlling interests 2012
Subsidiaries of Red Carpet Avenue Sdn. Bhd.							
Etika Tranquerah Sdn. Bhd.^	#	Malaysia	Food and beverage	60	60	40	40
Etika Tapis Sdn. Bhd.^	#	Malaysia	Food and beverage	50	50	50	50
Red Carpet Culinary Sdn. Bhd.^	250	Malaysia	Food and beverage	50	50	50	50
Subsidiary of Encorp Development Pty Ltd							
Tea Tree Development Pty. Ltd.^	+	Australia	Dormant	100	100	-	-

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

18. Investment in subsidiaries (contd.)

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

On 26 April 2013, Encorp Construct Sdn. Bhd. ("ECSB") increased its authorised ordinary share capital from RM10 million to RM25 million through the creation of 15 million ordinary shares of RM1 each.

Concurrently, Encorp Construction & Infrastructure Sdn. Bhd. ("ECISB") increased its investment in ECSB from RM10 million to RM15 million by way of subscription of 5 million ordinary shares of RM1 each by way of cash.

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

Incorporation of subsidiaries

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

The principal activities of ESMSB and EPSB are property investment. ESMSB increased issued and paid-up ordinary share capital from RM2 to RM100,000 by way of the issuance of 99,998 ordinary shares of RM1 each at par for cash on 1 October 2013. The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of ESMSB.

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

(i) Summarised statements of financial position

	2013 RM'000	2012 RM'000
Non-current assets	336,660	34,243
Current assets	259,219	399,603
Total assets	595,879	433,846
Current liabilities	167,459	148,656
Non-current liabilities	138,504	114,279
Total liabilities	305,963	262,935
Net assets	289,916	170,911
Equity attributable to owners of the Group	291,278	171,533
Non-controlling interests	(1,362)	(622)

18. Investment in subsidiaries (contd.)

(b) Summarised financial information (contd.)

(ii) Summarised statements of comprehensive income

	2013 RM'000	2012 RM'000
Revenue	200,625	224,649
Profit for the year	120,832	60,115
Profit, representing total comprehensive income attributable to the owners of the Group	121,572	60,785
Profit, representing total comprehensive income attributable to the non-controlling interests	(740)	(670)

(iii) Summarised cash flows

	2013 RM'000	2012 RM'000
Net cash generated from/(used in) operating activities	186,105	(16,195)
Net cash used in investing activities	(230,184)	(1,176)
Net cash generated from financing activities	36,937	43,615
Net (decrease)/increase in cash and cash equivalents	(7,142)	26,244
Cash and cash equivalents at beginning of the year	46,467	20,222
Cash and cash equivalents at end of the year	39,325	46,466

(c) Financial support

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

19. Trade and other receivables

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current				
Trade receivables (a)				
Third parties	85,686	57,543	70	6,626
Concession income receivables (b)	46,651	38,974	-	-
Retention sum on construction contracts	660	220	-	-
	132,997	96,737	70	6,626
Less: Allowance for impairment (Note 8)	(3)	-	-	-
	132,994	96,737	70	6,626
Other receivables				
Subsidiaries (c)	-	-	151,768	130,446
Deposits (d)	11,847	8,114	87	12
Sundry receivables	1,761	2,721	7	23
	13,608	10,835	151,862	130,481
Less: Allowance for impairment (Note 8)	-	(564)	(153)	-
Other receivable, net	13,608	10,271	151,709	130,481
	146,602	107,008	151,779	137,107
Non-current				
Trade receivables (a)				
Retention sum on construction contracts	2,126	-	-	-
Concession income receivables (b)	996,166	1,031,419	-	-
	998,292	1,031,419	-	-
Total trade and other receivables	1,144,894	1,138,427	151,779	137,107
Add: Cash and bank balances (Note 25)	79,805	51,801	8,495	2,728
Total loans and receivables	1,224,699	1,190,228	160,274	139,835

19. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 day (2012: 14 to 60 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	1,070,604	1,085,669	70	6,626
1 to 30 days past due not impaired	23,699	6,546	-	-
31 to 60 days past due not impaired	1,583	7,980	-	-
61 to 90 days past due not impaired	1,775	3,935	-	-
91 to 120 days past due not impaired	2,267	7,783	-	-
121 to 365 days past due not impaired	31,358	15,066	-	-
More than 365 days past due not impaired	-	1,177	-	-
	60,682	42,487	-	-
Impaired	3	-	-	-
	1,131,289	1,128,156	70	6,626

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 RM60,682,000 (2012: RM42,487,000) that are past due at the reporting date but not impaired.

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

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

As at reporting date, the Group has a significant concentration of credit risk of 92% (2012: 95%) relating to the concession income receivable. The entire concession income receivables are due from the Government of Malaysia (Note 36(a)).

Receivables that are impaired

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

	Group Individually impaired	
	2013 RM'000	**2012 RM'000**
Trade receivables - nominal amounts	1,131,289	1,128,156
Less: Allowance for impairment	(3)	-
	1,131,286	1,128,156

Movement in allowance accounts:

	Group	
	2013 RM'000	**2012 RM'000**
At 1 January	-	-
Charge for the year	3	-
At 31 December	3	-

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

19. Trade and other receivables (contd.)

(b) Concession income receivables

	Group 2013 RM'000	Group 2012 RM'000
Concession income receivables accrued:		
- Within 1 year	148,179	143,840
- More than 1 year and less than 2 years	136,779	136,779
- More than 2 years and less than 5 years	410,338	410,338
- More than 5 years	1,242,415	1,379,196
	1,937,711	2,070,153
Unearned interest income	(894,894)	(999,760)
	1,042,817	1,070,393
Concession income receivables analysed as:		
Due within one year	46,651	38,974
Due after one year	996,166	1,031,419
	1,042,817	1,070,393

The Group's normal trade credit term on concession income receivables is 21 (2012: 21) days.

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

(c) Subsidiaries

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

(d) Deposits

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

Significant event

On 3 April 2013, EMSB, Indi Makmur and Lunarhati had collectively agreed to terminate the JVA for non-fulfilment of condition precedent of the JVA. Upon termination, Indi Makmur and Lunarhati shall refund to the Company the deposit of RM5 million pursuant to the terms of the JVA. As at reporting date, the deposit has yet to be refunded, however, EMSB is exploring a potential joint venture project with a company related to Indi Makmur and Lunarhati. The RM5 million is be utilised as the earnest deposit for the new joint venture project.

20.Deferred tax

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

	As at 1 January 2012 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2012 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2013 RM'000
Group					
Deferred tax liabilities:					
Property, plant and equipment	652	92	744	145	889
Progress billings	272,996	(7,253)	265,743	(18,190)	247,553
Trade payables	-	27	27	85	112
RCSLS	980	(334)	646	(589)	57
	274,628	(7,468)	267,160	(18,549)	248,611
Deferred tax assets:					
Unabsorbed tax losses and capital allowances	(266,425)	12,919	(253,506)	24,263	(229,243)
Loan and borrowings	-	(6,310)	(6,310)	(9,298)	(15,608)
Trade receivables	-	(64)	(64)	(108)	(172)
Provisions	(2,042)	(1,642)	(3,684)	(2,919)	(6,603)
Investment properties	-	-	-	(1,692)	(1,692)
	(268,467)	4,903	(263,564)	10,246	(253,318)
	6,161	(2,565)	3,596	(8,303)	(4,707)

20. Deferred tax (contd.)

	As at 1 January 2012 RM'000 (Restated)	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2012 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2013 RM'000
Company					
Deferred tax liabilities:					
Property, plant and equipment	493	-	493	(145)	348
RCSLS	980	(334)	646	(589)	57
	1,473	(334)	1,139	(734)	405
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(220)	-	(220)	220	-
Provisions	(273)	-	(273)	(76)	(349)
	(493)	-	(493)	144	(349)
	980	(334)	646	(590)	56

20. Deferred tax (contd.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Deferred tax assets	(7,550)	(3,240)	-	-
Deferred tax liabilities	2,843	6,836	56	646
	(4,707)	3,596	56	646

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unutilised tax losses	7,417	7,337	2,457	1,191
Unabsorbed capital allowances	2,568	2,562	2,148	2,332
Other deductible temporary difference - provisions	7,689	4,334	3,821	1,201

Unrecognised tax losses

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

Tax consequences of proposed dividends

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

21. Inventories

	Group	
	2013 RM'000	2012 RM'000
Cost		
Properties held for sale (a)	1,448	44,903
Food and beverages	77	69
	1,525	44,972

(a) In the previous financial year, the Group has subjected fourteen units of terrace shop offices to a fixed charge as security for term loans and revolving credit facilities (Note 28(f) and Note 28(g)). The remaining fifteen units have been pledged as security for RCSLC issued (Note 28(o)).

22. Other current assets

	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Prepayments	1,103	384	308	184
Accrued billings in respect of property development costs	105,944	31,226	-	-
Gross amount due from customers on contract (Note 23)	40,469	4,227	6,295	-
Deposit held in trust	5,969	4,863	-	-
	153,485	40,700	6,603	184

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

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Construction costs incurred to date	704,876	545,608	167,397	132,855
Attributable profits	32,623	26,211	3,415	2,700
	737,499	571,819	170,812	135,555
Less: Progress billings	(701,996)	(572,603)	(164,517)	(135,557)
Amount due to customers on contract	35,503	(784)	6,295	(2)
Presented as:				
Gross amount due from customers on contract (Note 22)	40,469	4,227	6,295	-
Gross amount due to customers on contract (Note 27)	(4,966)	(5,011)	-	(2)
	35,503	(784)	6,295	(2)
Retention sum on construction contracts included in:				
- trade receivables	2,786	220	-	-
- trade payables	(16,527)	(13,145)	-	-

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

	Group 2013 RM'000	Group 2012 RM'000
Depreciation of property, plant and equipment (Note 15)	514	-
Rental expenses	128	109
Employee benefits	16,135	10,958

24. Investment security

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Fair value through profit or loss				
Money market investment security	115,808	246,768	2,555	37,300

The investment security above is a restricted investment scheme in short term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

An amount of RM107,152,000 (2012: RM206,457,000) is held in trust for the holders of the Sukuk Murabahah as disclosed in Note 28(a).

25. Cash and bank balances

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Cash on hand and at banks (a)	65,924	34,904	170	339
Deposits with:				
- licensed banks (b)	13,819	16,817	8,325	2,389
- a licensed corporation (c)	62	80	-	-
Cash and bank balances	79,805	51,801	8,495	2,728

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

(i) An amount of RM62,690,000 (2012: RM12,501,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations; and

(ii) An amount of RM61,000 (2012: RM29,000) held by a licensed corporation in trust for the holders of the Sukuk Murabahah as disclosed in Note 28(a).

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

(i) Deposits of RM1,765,000 (2012: RM1,619,000) pledged to a bank for credit facilities granted to a subsidiary company;

(ii) Deposits of RM8,325,000 and RM3,454,000 (2012: RM2,389,000 and RM72,000) on lien for bank guarantees granted to the Company and a subsidiary company, respectively in favour of the customers for the projects awarded;

(iii) Deposits of RM NIL (2012: RM9,000) pledged to a bank for credit facilities granted to a subsidiary company;

(iv) Deposits of RM275,000 (2012: RM267,000) pledged to a bank as security for credit facilities granted to a subsidiary company (Note 28(b) and Note 28(e)).

25. Cash and bank balances (contd.)

(c) The deposit of RM62,000 (2012: RM80,000) is held by a licensed corporation in trust for the holders of the Sukuk Murabahah as disclosed in Note 28(a).

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

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Cash and bank balances	79,805	51,801	8,495	2,728
Less:				
Pledged/designated	(2,510)	(4,188)	(8,325)	(2,389)
Bank overdrafts (Note 28)	(10,554)	-	-	-
Cash and cash equivalents	66,741	47,613	170	339

26. Trade and other payables

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Trade payables				
Third parties (a)	38,639	40,934	-	-
Amount due to a corporate shareholder of a subsidiary (b)	31,091	22,108	-	-
Subsidiaries (c)	-	-	-	6,497
Retention sums on construction contracts	4,810	2,760	-	-
	74,540	65,802	-	6,497
Other payables				
Subsidiaries (c)	-	-	12,509	13,901
Amounts due to:				
- related parties (d)	-	8	-	-
- a corporate shareholder of the company (e)	4,828	4,853	4,820	4,851
Sundry payables	24,534	19,741	214	79
Accruals for construction costs	58,072	7,606	6,174	-
Provision for short-term accumulating compensated absences (f)	371	298	126	126
Other accruals	10,793	12,419	2,736	1,839
Advance payment from customers (g)	-	973	-	-
Deposits received in advance (h)	5,398	-	-	-
	103,996	45,898	26,579	20,796
	178,536	111,700	26,579	27,293

26. Trade and other payables (contd.)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Trade payables				
Retention sum on construction contracts	11,717	10,385	-	-
Deposits received in advance (h)	-	4,456	-	-
Amount due to a corporate shareholder of a subsidiary (b)	21,597	29,755	-	-
	33,314	44,596	-	-
Total trade and other payables	211,850	156,296	26,579	27,293
Add: Loans and borrowings (Note 28)	1,396,454	1,423,965	90,479	80,021
Total financial liabilities carried at amortised cost	1,608,304	1,580,261	117,058	107,314

(a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 60 days (2012: 14 to 60 days).

(b) Corporate shareholder of a subsidiary refers to Perbadanan Kemajuan Negeri Selangor ("PKNS"). These are amounts due to PKNS in relation to the purchase of two plots of land, namely:

(i) a 209.7 acre plot of land at U12 Shah Alam, Selangor Darul Ehsan; and

(ii) approximately 45 acre plot of land at Pusat Bandar I, Pusat Bandar Kota Damansara for development as a mixed development project.

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

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

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

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

26. Trade and other payables (contd.)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At beginning of year	298	81	126	57
Recognised in statements of comprehensive income (Note 9)	73	217	-	69
At the end of year	371	298	126	126

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

(h) The deposits received in advance relate solely to the McCallum lane project. The project is expected to be completed in July 2014.

27. Other current liabilities

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Progress billings in respect of property development costs	6,289	6,312	-	-
Gross amount due to customers for contract work (Note 23)	4,966	5,011	-	2
	11,255	11,323	-	2

28. Loans and borrowings

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Current				
Secured:				
Sukuk Murabahah	50,285	127,137	-	-
Bank overdraft 1	80	-	-	-
Bank overdraft 2	2,430	-	-	-
Bank overdraft 3	3,188	-	-	-
Bank overdraft 4	4,276	-	-	-
Bank overdraft 5	580	-	-	-
Trust receipt	-	663	-	-
Term loan 1	4,033	4,049	-	-
Term loan 2	3,720	4,000	-	-
Term loan 3	1,586	83	-	-
Term loan 4	2,037	2,037	-	-
Term loan 5	1,704	492	1,704	492
Term loan 6	34,857	7,857	-	-
Term loan 7	8,789	-	-	-
Bridging loan	94	-	-	-
Revolving credit 1	3,350	3,350	-	-
Revolving credit 2	10,000	10,000	-	-
Revolving credit 3	9,200	400	9,200	400
Revolving credit 4	1,400	1,400	1,400	1,400
RCSLS	1,920	2,149	1,920	2,149
Obligations under finance leases (Note 29(b))	1,841	1,243	325	330
Advances from a contractor	-	4,600	-	-
	145,370	169,460	14,549	4,771
Non-current				
Secured:				
Sukuk Murabahah	1,028,661	1,078,945	-	-
Term loans 1	4,000	8,000	-	-
Term loans 2	101,754	58,695	-	-
Term loans 3	15,508	18,120	-	-
Term loans 4	1,111	3,333	-	-
Term loans 5	12,809	13,132	12,809	13,132
Term loans 7	-	10,033	-	-
Bridging loan	20,483	-	-	-
RCSLS	62,214	61,178	62,214	61,178
Obligations under finance leases (Note 29(b))	4,544	3,069	907	940
	1,251,084	1,254,505	75,930	75,250
Total loans and borrowings	1,396,454	1,423,965	90,479	80,021

28. Loans and borrowings (contd.)

The remaining maturities of loans and borrowings as at 31 December 2013 are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
On demand or within one year	145,369	169,460	14,549	4,771
More than 1 year and less than 2 years	85,360	88,969	3,873	6,434
More than 2 years and less than 5 years	269,796	266,216	65,159	17,510
5 years or more	895,929	899,320	6,898	51,306
	1,396,454	1,423,965	90,479	80,021

(a) Sukuk Murabahah

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

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

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

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

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

The Sukuk is secured over the following:

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

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

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

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

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

28. Loans and borrowings (contd.)

(a) Sukuk Murabahah (contd.)

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

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

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

(b) Bank overdraft 1

Bank overdraft 1 is denominated in RM, bears interest at base lending rate + 1.25% per annum, and is secured by short-term deposit (Note 25(b)) and corporate guarantee provided by the Company.

(c) Bank overdraft 2

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

(d) Bank overdraft 3

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

(e) Trust receipt

Trust receipt was a banking facility granted to a subsidiary in the previous financial year, bore interest at BLR+1% per annum and was secured by short term deposit (Note25(b)).

(f) Term loan 1 and revolving credit 1

The term loan 1 is at cost of funds + 1.5% per annum and revolving credit 1 of RM5 million is at effective cost of funds + 1.25% per annum.

This loan is secured by a fixed charge over the Group's ten units of terrace shop offices (Note 14(a)), assignment of rental proceeds and corporate guarantee provided by the Company.

(g) Term loan 2 and revolving credit 2

Term loan 2 consists of two term loans which are at bank's one-month effective cost of funds + 1.4% per annum and at bank's one-month effective cost of funds + 1.35% per annum. Revolving credit 2 of RM12.5 million is at effective cost of funds + 1.25% per annum.

These loans are secured by a fixed charge over the Group's four units of terrace shop offices (Note 14(a) and Note 15), leasehold land under development (Note 17(b) and Note 14(b)), assignment over the project account and debenture over fixed and floating charge.

(h) Term loan 3, bank overdraft 4 and bridging loan

The term loan and bridging loan's interest rates are at the bank's effective cost of funds + 1.75% per annum. The term loan and bridging loan are secured by a fixed charge over the Group's freehold land under development (Note 17(b)).

28. Loans and borrowings (contd.)

(i) Term loan 4

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

(j) Term loan 5

The term loan 5 is at cost of funds + 1.25% per annum. This loan is secured by the Company's property under construction (Note 15).

(k) Term loan 6 and bank overdraft 5

The term loan 6 is at Bank Bill Rate of Australia plus 1.25% per annum. This obligation is secured by the following:

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

(l) Term loan 7

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

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

(m) Revolving credit 3

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

(n) Revolving credit 4

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

28. Loans and borrowings (contd.)

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

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

	Group and Company 2013 RM'000
Face value of RCSLS	65,706
Equity component	
- Equity component, net of deferred tax	-
- Deferred tax liability	1,213
- Warrant reserve	3,640
	4,853
Liability component of RCSLS at initial recognition	60,853

	Group and Company	
	2013 RM'000	2012 RM'000 (Restated)
Liability component of RCSLS at initial recognition	60,853	60,853
Interest expense recognised in profit or loss:		
At 1 January	9,373	4,092
Recognised during the year (Note7)	6,071	5,281
At 31 December	15,444	9,373
Coupon paid:		
At 1 January	(6,899)	(2,957)
Paid during the year	(3,912)	(3,942)
At 31 December	(10,811)	(6,899)
Conversion of RCSLS	(1,352)	-
Liability component at 31 December	64,134	63,327

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

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

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

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

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

28. Loans and borrowings (contd.)

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

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

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

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

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

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

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

Subsequent events

On 18 March 2014, the day immediately preceding the third anniversary, the call option granted by the holders of the RCSLS to the Company to redeem the outstanding RCSLS in whole or in part had lapsed. The Company did not exercise the option.

On the same day, the option granted to the RCSLS holders to require the Company to redeem all or part of the outstanding RCSLS also lapsed. None of the RCSLS holders had exercised the option.

(p) Obligations under finance leases

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

(q) Advances from a contractor

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

29. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	1,576	-	-	-
Property under construction	-	-	7,648	9,456
Approved but not contracted for:				
Property, plant and equipment	1,943	-	-	-

(b) Finance lease commitments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Minimum lease payments:				
Not later than 1 year	2,140	1,452	376	388
Later than 1 year and not later than 2 years	1,954	1,308	345	388
Later than 2 years and not later than 5 years	2,921	1,994	628	613
Total minimum lease payment	7,015	4,754	1,349	1,389
Less: Amounts representing finance charges	(630)	(442)	(117)	(119)
Present value of finance lease liabilities	6,385	4,312	1,232	1,270
Present value of minimum payments:				
Not later than 1 year	1,841	1,243	325	330
Later than 1 year and not later than 2 years	1,762	1,183	311	352
Later than 2 years and not later than 5 years	2,782	1,886	596	588
	6,385	4,312	1,232	1,270
Less: Amount due within 12 months (Note 28)	(1,841)	(1,243)	(325)	(330)
Amount due after 12 months (Note 28)	4,544	3,069	907	940

The hire purchase and leasing payables of the Group and Company bear interests at the balance sheet date at rates of between 2.5% to 4.0% (2012: 2.5% to 4.0%) and 2.5% to 2.9% (2012: 2.5% to 2.9%) per annum.

30. Share capital, share premium and treasury shares

	Group and Company					
	Number of ordinary shares of RM1 each		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
At 1 January 2012, 31 December 2012 and 1 January 2013	223,508,536	(5,386,000)	223,509	102,435	325,944	(4,559)
Transactions with owners						
Issuance of ordinary shares:						
- Conversion of RCSLS	1,346,900	-	1,347	5	1,352	-
At 31 December 2013	224,855,436	(5,386,000)	224,856	102,440	327,296	(4,559)

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

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM'000	2012 RM'000
Authorised:				
At 1 January/31 December	500,000,000	500,000,000	500,000	500,000

a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial year, the Company increased its issued and paid-up ordinary share capital from 223,508,536 to 224,855,436 by way of the issuance of 1,346,900 ordinary shares of RM1 each arising from the conversion of 1,346,900 units of 5-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS").

Subsequent events

Subsequent to year end up to the date of this report, the Company further increased its issued and paid-up ordinary share capital to 228,612,581 by way of the issuance of 3,757,145 ordinary shares of RM1 each arising from the conversion of 3,757,145 units of RCSLS.

The new ordinary shares issued during and subsequent to the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

31. Other reserves

	Warrant reserve (a) RM'000 (Restated)	Equity component of RCSLS (b) RM'000 (Restated)	Foreign currency translation reserve (c) RM'000	Total RM'000
Group				
At 1 January 2012	4,681	874	1,742	7,297
Prior year adjustment (Note 39)	(1,041)	(874)	-	(1,915)
As restated	3,640	-	1,742	5,382
Other comprehensive income				
Foreign currency translation	-	-	505	505
At 31 December 2012 and 1 January 2013	3,640	-	2,247	5,887
Foreign currency translation	-	-	(3,294)	(3,294)
At 31 December 2013	3,640	-	(1,047)	2,593
Company				
At 1 January 2012, 31 December 2012 and 1 January 2013	4,681	874	-	5,555
Prior year adjustment (Note 39)	(1,041)	(874)	-	(1,915)
As restated/at 31 December 2013	3,640	-	-	3,640

(a) Warrant reserve

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

(b) Equity component of RCSLS

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

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

32. Retained earnings

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

As at 31 December 2013, the Section 108 balance of the Company is nil (2012: nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2013 and 2012 under the single tier system.

33. Financial guarantees

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

- corporate guarantees of RM1,335,000 (2012: RM490,000) given to suppliers in favour of credit terms granted to a subsidiary.

- corporate guarantees given to banks of RM95,764,000 (2012: RM60,643,000) for credit facilities granted to subsidiaries.

- corporate guarantees given to a financial institution of RM3,542,000 (2012: RM2,380,000) for credit facilities granted to a subsidiary.

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

34. Related party disclosures

(a) Sales and purchases of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2013 RM'000	2012 RM'000
Group		
Sales of properties under development to a corporate shareholder of a subsidiary #	-	(21,325)
Sales of properties under development to directors of subsidiaries (i)	-	(3,101)
Sales of properties under development to the directors of the Company (i)	(6,098)	(7,946)
Legal service from a firm related to a director of the Company	59	-
Motor vehicles transferred to former directors of the Company as a token of appreciation (Note 10)	838	-
Company		
Management fees charged to subsidiaries (ii):		
- Encorp Construct Sdn. Bhd.	(2,100)	(2,100)
- Encorp Must Sdn. Bhd.	(1,752)	(1,752)
- Encorp Trading Services Sdn. Bhd.	(300)	(300)
- Encorp Systembilt Sdn. Bhd.	(1,392)	(1,392)
- Must Ehsan Development Sdn. Bhd.	(600)	(600)
- Encorp Development Sdn. Bhd.	(672)	(672)
- Encorp Iskandar Development Sdn. Bhd.	(1,536)	(1,536)
- Encorp Facilities Management Sdn. Bhd.	(60)	(120)
Rental payable to subsidiaries (iii):		
- Must Ehsan Development Sdn. Bhd.	57	-
- Encorp Strand Mall Sdn. Bhd.	171	228
Coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. (iv)	(2,478)	(2,478)
Dividend received from a subsidiary	-	(77,092)
Progress billing in respect of construction work performed by a subsidiary	28,368	45,173
Motor vehicles transferred to former directors of the Company as a token of appreciation (Note 10)	838	-

34. **Related party disclosures (contd.)**

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

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

(ii) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable on demand.

(iii) The rental payable to the subsidiaries has been entered into in the normal course of business and is repayable on demand.

(iv) The coupon payable on RCSLS charged to MEDSB is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

<u>Corporate shareholders</u>

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

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2013 and 31 December 2012 are disclosed in Notes 19 and 26.

(b) **Compensation of key management personnel**

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

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Wages and salaries	5,059	4,764	3,868	3,503
Social security costs	4	3	3	2
Contributions to defined contribution plans	582	518	435	363
Other staff related expenses	162	213	124	188
	5,807	5,498	4,430	4,056

Included in the total remuneration of key management personnel is:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Directors' remuneration (Note 10)	2,504	2,608	2,456	2,560

35. Fair value of financial assets

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

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

	Significant other observable inputs (Level 2)			
	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Assets measured at fair value:				
Completed investment property (Note 14(a))	103,300	-	-	-
Investment securities carried at fair value through profit or loss (Note 24)	115,808	246,768	2,555	37,300

Highest and best use

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

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

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (non-current and current)	19
Trade and other payables (non-current and current)	26
Loans and borrowings (non-current and current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

35. 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.)

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;

- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and

- The estimated loss exposure if the party guaranteed were to default.

36. Financial risk management objectives and policies

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

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

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

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

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

Exposure to credit risk

As at the reporting date, the Group has a concentration of credit risk as disclosed in Note 19. Apart from this, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

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

(a) Credit risk (contd.)

Credit risk concentration profile

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

	Group			
	2013		2012	
	RM'000	% of total	RM'000	% of total
By industry sectors				
Concessionaire sector	1,042,817	92%	1,070,393	95%
Construction sector	22,809	2%	6,845	1%
Property development sector	65,056	6%	49,033	4%
Investment property	49	0%	-	-
Other sector	555	0%	1,885	0%
	1,131,286	100%	1,128,156	100%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

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

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
2013				
Financial liabilities:				
Trade and other payables	178,536	38,972	-	217,508
Loans and borrowings	249,203	792,107	1,300,989	2,342,299
Total undiscounted financial liabilities	427,739	831,079	1,300,989	2,559,807
2012				
Financial liabilities:				
Trade and other payables	111,700	53,828	-	165,528
Loans and borrowings	266,904	749,092	1,441,526	2,457,522
Total undiscounted financial liabilities	378,604	802,920	1,441,526	2,623,050
Company				
2013				
Financial liabilities:				
Trade and other payables	26,579	-	-	26,579
Loans and borrowings	16,541	79,901	-	96,442
Total undiscounted financial liabilities	43,120	79,901	-	123,021
2012				
Financial liabilities:				
Trade and other payables	27,293	-	-	27,293
Loans and borrowings	4,326	89,203	-	93,529
Total undiscounted financial liabilities	31,619	89,203	-	120,822

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM240,000 (2012: RM150,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group hold cash and cash equivalents denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM5,969,000 (2012: RM5,767,000) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2013	**2012**
		RM'000	**RM'000**
AUD/RM	- strengthened 1% (2012: 1%)	(53)	(5)
	- weakened 1% (2012: 1%)	53	5

37. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings (excluding RCSLS and Sukuk), trade and other payables, less cash and bank balances. Capital includes RCSLS, equity attributable to the owners of the parent.

		Group		Company	
	Note	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Loans and borrowings	28	1,396,454	1,423,965	90,479	80,021
Trade and other payables	26	211,850	156,296	26,579	27,293
Less: RCSLS	28	(64,134)	(63,327)	(64,134)	(63,327)
Less: Sukuk	28	(1,078,946)	(1,206,082)	-	-
Less: Cash and bank balances	25	(79,805)	(51,801)	(8,495)	(2,728)
Less: Investment security	24	(115,808)	(246,768)	(2,555)	(37,300)
Net debt		269,611	12,283	41,874	3,959
RCSLS	28	64,134	63,327	64,134	63,327
Equity attributable to the owners of the parent		328,776	273,584	371,431	388,015
Total capital		392,910	336,911	435,565	451,342
Capital and net debt		662,521	349,194	477,439	455,301
Gearing ratio		41%	4%	9%	1%

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk do not have any financial recourse to the Group.

38. Segment information

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

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

(ii) Concessionaire;

(iii) Construction contracts;

(iv) Property development;

(v) Investment property; and

(vi) Others - Trading of building materials, food and beverage operation and provision of facilities management.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

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

38. Segment information (contd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Construction contracts RM'000	Property development RM'000	Investment property RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
2013									
Revenue									
External customers	-	104,866	82,569	342,516	488	5,996	-		536,435
Inter-segment	28,433	-	118,586	185,054	464	3,358	(335,895)	A	-
Total revenue	28,433	104,866	201,155	527,570	952	9,354	(335,895)		536,435
Results:									
Interest income	520	3,083	124	1,021	-	8	-		4,756
Interest expense	6,833	108,947	425	2,598	-	24	-		118,827
Depreciation and amortisation	1,291	-	1,006	124	90	163	-		2,674
Impairment of land held for development	-	-	-	5,217	-	-	-		5,217
Other non-cash income	727	-	40	19	-	9	(678)	B	117
Fair value gain on investment property	-	-	-	-	63,388	-	-		63,388
Segment profit/(loss)	(15,861)	(1,129)	2,917	69,698	12,306	(1,759)	49,758		115,930
Assets:									
Additions to non-current assets	3,088	-	6,970	104,462	26	330	4,496	C	119,372
Segment assets	596,308	1,162,600	98,433	740,512	260,206	8,114	(821,676)	D	2,044,497
Segment liabilities	146,667	1,085,929	92,036	511,889	249,345	11,011	(464,748)	E	1,632,129

38. Segment information (contd.)

	Investment holding and the provision of management services RM'000 (Restated)	Concessionaire RM'000	Construction contracts RM'000	Property development RM'000	Investment property RM'000	Trading RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000 (Restated)
2012									
Revenue									
External customers	-	107,888	55,857	228,542	-	4,228	-		396,515
Inter-segment	186,316	-	137,338	9,636	-	8,764	(342,054)	A	-
Total revenue	186,316	107,888	193,195	238,178	-	12,992	(342,054)		396,515
Results:									
Interest income	470	3,891	70	513	-	8	-		4,952
Interest expense	6,032	107,570	312	2,204	-	8	-		116,126
Depreciation and amortisation	1,375	-	500	121	-	216	-		2,212
Impairment of goodwill					-				
on consolidation	-	-	-	-	-	-	4,917		4,917
Other non-cash expenses	156	2,128	61	636	-	-	-	B	2,981
Segment profit/(loss)	(9,579)	(6,926)	2,396	63,119	-	(1,819)	-		47,191
Assets:									
Additions to non-current assets	12,870	-	3,272	32	-	228	(5,109)	C	11,293
Segment assets	518,677	1,290,861	60,618	558,814	-	10,963	(513,020)	D	1,926,913
Segment liabilities	132,500	1,209,570	60,490	392,447	-	12,045	(203,538)	E	1,603,514

38. Segment information (contd.)

A Inter-segment revenues were eliminated on consolidation.

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

	Note	2013 RM'000	2012 RM'000
Bad debts written off	8	9	2,764
Write off of property, plant and equipment	15	32	-
Provision of short term accumulating compensated absences	26(f)	73	217
Impairment loss on financial asset trade receivables	19	3	-
		117	2,981

C Additions to non-current assets consist of :

	Note	2013 RM'000	2012 RM'000
Property, plant and equipment	15	15,070	11,255
Intangible assets	16	252	38
Investment properties	14	103,300	-
Land held for property development	17	750	-
		119,372	11,293

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

	Note	2013 RM'000	2012 RM'000
Deferred tax assets	20	7,550	3,240
Tax recoverable		1,394	130
Inter-segment assets		(830,620)	(516,390)
		(821,676)	(513,020)

38. Segment information (contd.)

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

	Note	2013 RM'000	2012 RM'000
Loans and borrowings	28	1,396,454	1,423,965
Current tax payable		9,727	5,094
Deferred tax liabilities	20	2,843	6,836
Inter-segment liabilities		(1,873,772)	(1,639,433)
		(464,748)	(203,538)

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	489,923	381,477	367,366	79,075
Australia	46,512	15,038	14,694	20,841
	536,435	396,515	382,060	99,916

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

	Note	2013 RM'000	2012 RM'000 (Restated)
Property, plant and equipment	15	29,787	21,540
Intangible assets	16	25,165	25,530
Land held for property development	17(a)	46,712	52,846
Completed investment property	14(a)	103,300	-
Investment property under construction	14(b)	177,096	-
		382,060	99,916

39. Prior year adjustments

During the year, the Group made prior year adjustments in relation to the following:

(a) impairment loss on goodwill for concessionaire segment that should have been accounted for in the prior years;

(b) reclassification of deposits held in trust from cash and bank balances to other current assets. The deposits held in trust were in relation to deposits received from purchasers where the properties have not been handed over;

(c) reclassification of money market investment funds from cash and bank balances to investment securities; and

(d) reclassification between equity and liability components of the Redeemable Convertible Secured Loan Stock (RCSLS).

The reclassifications (b), (c) and (d) do not have any impact to the statements of comprehensive income. The effect of the prior year adjustment on impairment loss is as follows:

	Group	
	2012 RM'000	**2011 RM'000**
Effect on retained profits/(accumulated losses):		
At 31 December, as previously stated	21,590	18,874
Effect of prior year adjustment due to impairment loss	(75,278)	(80,283)
At 31 December, as restated	(53,688)	(61,409)
Effect on net profit for the year:		
Net profit before prior year adjustment	24,650	29,963
Effect on prior year adjustment due to impairment loss	5,005	5,005
Net profit for the year	29,655	34,968

39. Prior year adjustments (contd.)

The following comparatives have been restated as a result of the prior year adjustments:

	As previously stated RM'000	Prior year adjustments (a) RM'000	(b) & (c) RM'000	(d) RM'000	As restated RM'000
As at 31 December 2012					
Statements of financial position					
Group					
Non-current assets					
Intangible assets:					
- Goodwill on consolidation	99,782	(75,278)	-	-	24,504
Current assets					
Cash and bank balances	60,436	-	(8,635)	-	51,801
Other current assets	35,837	-	4,863	-	40,700
Investment securities	242,996	-	3,772	-	246,768
Current liabilities					
Loans and borrowings	168,230	-	-	1,230	169,460
Non-current liabilities					
Loans and borrowings	1,253,182	-	-	1,323	1,254,505
Deferred tax liabilities	7,474	-	-	(638)	6,836
Equity attributable to owners of the parent					
Other reserves	7,802	-	-	(1,915)	5,887
Company					
Current assets					
Cash and bank balances	3,489	-	(761)	-	2,728
Investment securities	36,539	-	761	-	37,300
Current liabilities					
Loans and borrowings	3,541	-	-	1,230	4,771
Non-current liabilities					
Loans and borrowings	73,927	-	-	1,323	75,250
Deferred tax liabilities	1,284	-	-	(638)	646
Equity attributable to owners of the parent					
Other reserves	5,555	-	-	(1,915)	3,640
Consolidated statement of comprehensive income					
Other expenses	(12,090)	5,005	-	-	(7,085)

39. Prior year adjustments (contd.)

The following comparatives have been restated as a result of the prior year adjustments (contd.):

	As previously stated RM'000	Prior year adjustments (a) RM'000	(b) & (c) RM'000	(d) RM'000	As restated RM'000
As at 1 January 2012					
Statements of financial position					
Group					
Non-current assets					
Intangible assets:					
- Goodwill on consolidation	109,704	(80,283)	-	-	29,421
Current liabilities					
Loans and borrowings	97,575	-	-	1,230	98,805
Non-current liabilities					
Loans and borrowings	1,131,144	-	-	1,323	1,132,467
Deferred tax liabilities	8,452	-	-	(638)	7,814
Equity attributable to owners of the parent					
Other reserves	7,297	-	-	(1,915)	5,382
Company					
Current liabilities					
Loans and borrowings	1,651	-	-	1,230	2,881
Non-current liabilities					
Loans and borrowings	61,696	-	-	1,323	63,019
Deferred tax liabilities	1,617	-	-	(638)	979
Equity attributable to owners of the parent					
Other reserves	5,555	-	-	(1,915)	3,640

40. Supplemental information

The breakdown of the retained profits of the Group and of the Company as at 31 December and 31 December 2012 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	
	2013 RM'000	**2012 RM'000 (Restated)**	**2013 RM'000**	**2012 RM'000 (Restated)**
Total retained profits of the Company and its subsidiaries:				
- Realised	276,913	231,558	40,860	62,576
- Unrealised	63,947	1,541	4,194	414
	340,860	233,099	45,054	62,990
Less: Consolidation adjustments	(337,414)	(286,787)	-	-
Total group retained profits/ (accumulated losses) as per per consolidated accounts	3,446	(53,688)	45,054	62,990


Enclave Seaview Residences | Penang

List of Properties

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.13 (RM'000)	YEAR OF ACQUISITION
Property held				
Garden Office (Block P), Kota Damansara, Selangor Darul Ehsan	20 units of office suites (99 years lease expiring on 14/11/2107)	3,836	19,206	2010
Investment property				
Red Carpet Avenue	29 units terrace shop offices	15,237	103,300	2013
Encorp Strand Mall	3 storey retail center with 4 storey elevated carpark and 1 level basement carpark	132,441	177,096	2013
Inventories				
PT 2457– PT 2458 HS(D) 220816-220817 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	2 & 3 storey shop offices	329	1,448	2000
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, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 28/03/2104)	24,949	4,427	2000
PT 2269 – PT 2364 HS(D) 220626 – 220721, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential Properties under construction (99 years lease expiring on 28/03/2104)	31,603	5,886	2000

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.13 (RM'000)	YEAR OF ACQUISITION
PT 1369 – PT 1386 HS(D) 219723 – 219739, PT 1409– PT 1486 HS(D) 219762 – 219839, PT 1579– PT 1596 HS(D) 219933 – 219950, PT 1633– PT 1668 HS(D) 219987 – 220022, PT 1387 – PT 1408 HS(D) 219740 – 219761, PT 1487 – PT 1568 HS(D) 219840 – 219921, PT 1569 – PT 1578 HS(D) 219923 – 219932, PT 1597 – PT 1632 HS(D) 219951 – 219986, PT 1669 – PT 1689 HS(D) 220024 – 220044, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 22/03/2104)	55,391	4,163	2000
PT 2365– PT 2368 HS(D) 220722 – 220725, PT 2369– PT 2456 HS(D) 220728 – 220815, PT 2849 HS(D) 221223 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	18,219	12,089	2000
PT 2527– PT 2633 HS(D) 220886 – 220992, PT 2634– PT 2668 HS(D) 220993 – 221027, PT 2669– PT 2753 HS(D) 221040 – 221124, PT 2754– PT 2768 HS(D) 221125 – 221139 & PT 2769– PT 2846 HS(D) 221143 – 221220, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 30/03/2104)	65,515	10,468	2000
PT 2847 HS(D) 221221, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	19,129	2,059	2000

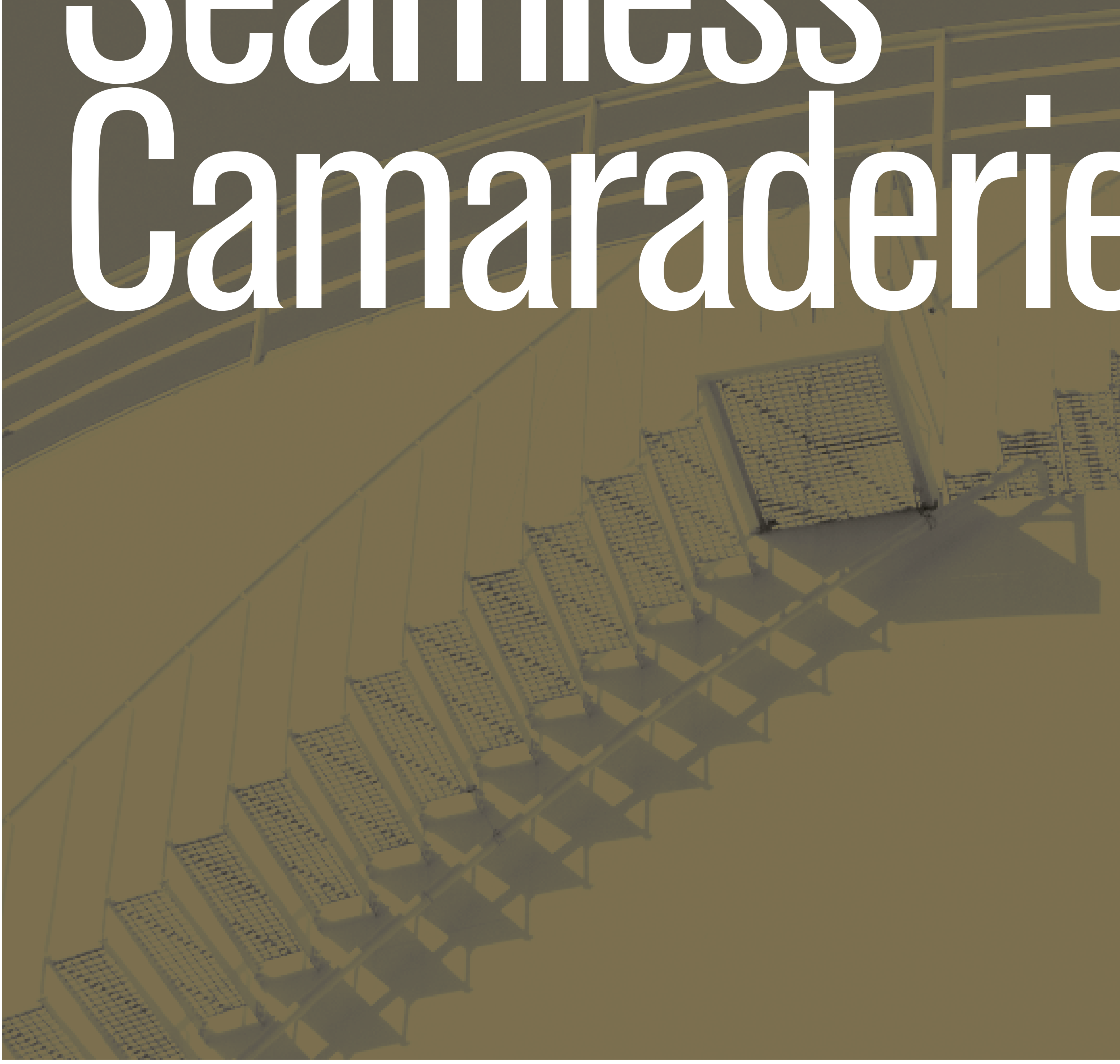
LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET BOOK VALUE AS AT 31.12.13 (RM'000)	YEAR OF ACQUISITION
PT 2848 HS(D) 221222, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	30,505	3,283	2000
PT 10562 HS(D) 251907, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Commercial property under construction (99 years lease expiring on 14/11/2107)	25,082	5,918	2000
PT 10563 HS(D) 251908, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Commercial property under construction (99 years lease expiring on 14/11/2107)	26,634	10,835	2000
No. Hakmilik GRN 35127, Nombor Lot 289, Seksyen 2, Bandar Batu Feringgi, Daerah Timor Laut, Pulau Pinang	Freehold land held for property development	23,597	16,115	2008
HS(D) 458136, PTD 166961, Mukim Pulai, Daerah Johor Bahru, Johor	Freehold land held for property development	13,363	25,890	2012
Overseas Properties Under Development & Land Held for Development				
67 Canning Highway, Victoria Park, Australia being Lots 35 to 41 on Plan 1741	Freehold land held for property development	3,399	15,382	2010
15 Tea Tree Close Cockburn Central, Perth, Australia	Freehold land held for property development	11,000	14,650	2012

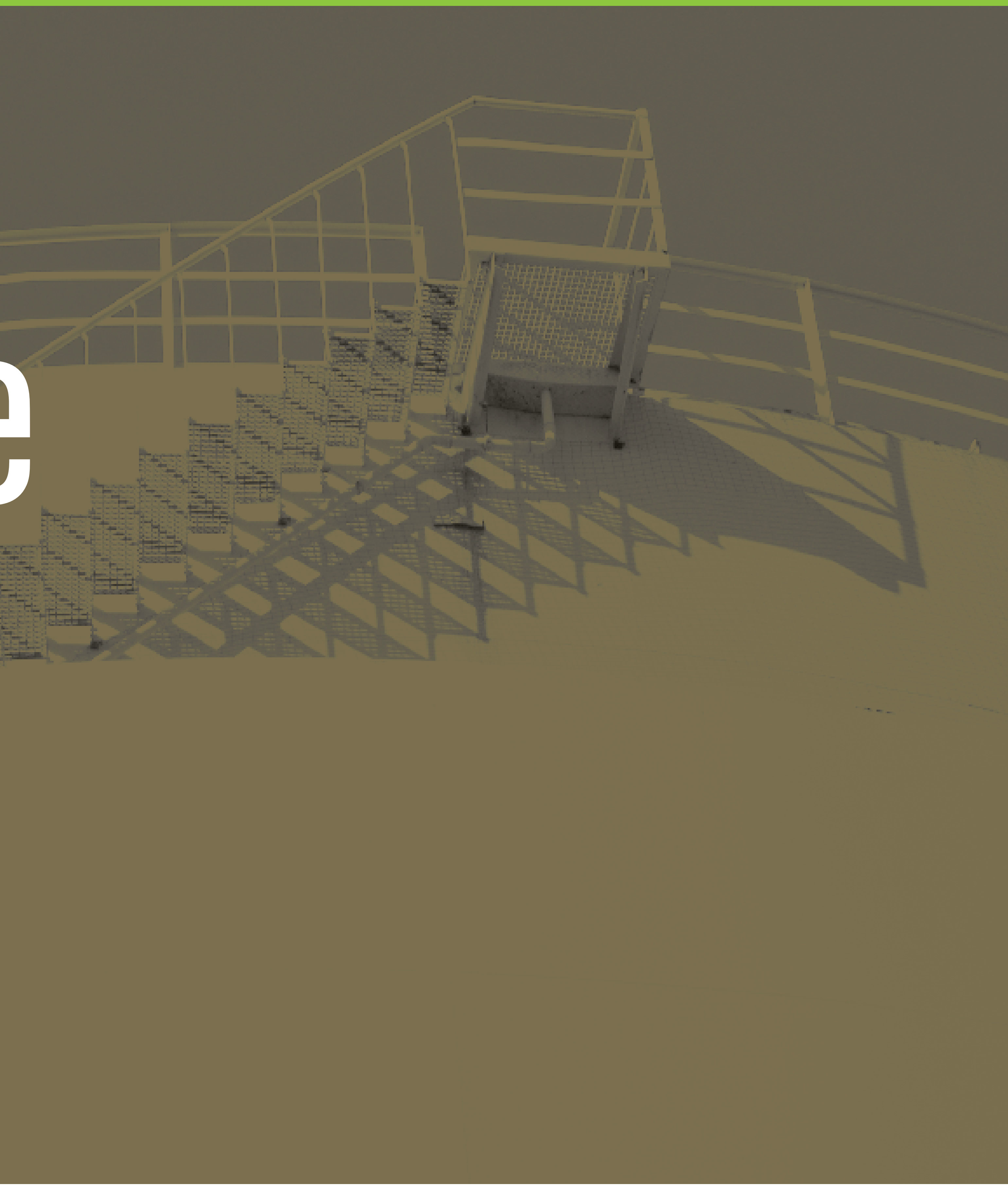

Lotus Encorp Cahaya Alam

The Encorp brand is only as good as its team and here, we have a corporate family who share a common purpose to continuously approach their work by employing an approach which is Anything But Ordinary.

Shareholdings' Information

Seamless Camaraderie





Shareholdings' Information

ANALYSIS OF SHAREHOLDINGS AS AT 23 APRIL 2014

Authorised Share Capital : RM500,000,000.00
Issued and Paid-up Share Capital : RM228,612,581*
Class of Shares : Ordinary shares of RM1.00 each
Voting Rights : One (1) 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	83	2.84	860	0.00
100 - 1,000	326	11.15	275,300	0.12
1,001 - 10,000	1,898	64.93	8,359,444	3.74
10,001 - 100,000	520	17.79	17,355,141	7.77
100,001 – less than 5% of issued shares	92	3.15	63,102,805	28.27
5% and above of issued shares	4	0.14	134,133,031	60.09
Total	**2,923**	**100.00**	**223,226,581**	**100.00**

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	29.85	-	-
Yeoh Soo Ann	-	-	66,636,036①	29.85
Mohd Ibrahim bin Masrakin	-	-	66,636,036①	29.85
Anjakan Masyhur Sdn. Bhd.	40,000,000	17.92	-	-
Azhar bin Mohd Awal	-	-	40,000,000②	17.92
Azman Hanafi bin Abdullah	-	-	40,000,000②	17.92
Pegang Impian Holdings Sdn. Bhd.	43,752,000	19.60	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000③	19.60
Taufiq bin Abdul Khalid	-	-	43,752,000③	19.60

① Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.
③ Deemed interest by virtue of their substantial shareholdings in Pegang Impian Holdings Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS

Directors	Note	Shareholdings			
		Direct No. of Shares	%	Indirect No. of Shares	%
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-
Yeoh Soo Ann	a	-	-	66,636,036	29.85
Mohd Ibrahim bin Masrakin	a	-	-	66,636,036	29.85
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		2,278,000	1.02	-	-
Datuk Fong Joo Chung		-	-	-	-
Dato' Feroz bin A S Moidunny		-	-	-	-

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

LIST OF 30 LARGEST SHAREHOLDERS
(as at 23 April 2014)

No.	Name	No. of Shares	%
1	Lavista Sdn. Bhd.	57,381,031	25.71
2.	Anjakan Masyhur Sdn. Bhd.	40,000,000	17.92
3.	UOBM Nominees (Tempatan) Sdn. Bhd. for Pegang Impian Holdings Sdn. Bhd.	22,900,000	10.26
4.	Pegang Impian Holdings Sdn. Bhd.	13,852,000	6.21
5.	UOBM Nominees (Tempatan) Sdn. Bhd. for Lavista Sdn. Bhd.	9,255,005	4.15
6.	Pegang Impian Holdings Sdn. Bhd.	7,000,000	3.14
7.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (Norges BK)	6,228,000	2.79
8.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	2,582,500	1.16
9.	Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.02
10.	Ching Chooi Sim	2,249,000	1.01
11.	Merit Icon Sdn. Bhd.	1,912,500	0.86
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Siva Kumar A/L M Jeyapalan (PBCL-0G0015)	1,800,000	0.81

13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Su See	1,487,100	0.67
14.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,222,000	0.55
15.	OCBC Bank (Malaysia) Berhad As Beneficial Owner (ELCI – TRE)	1,210,000	0.54
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik (740028152)	1,107,000	0.50
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	1,053,200	0.47
18.	Kiu Chiong Chin	1,049,900	0.47
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Beng Hoo (8051654)	1,000,000	0.45
20.	Ong Siok Wan	1,000,000	0.45
21.	Siva Kumar A/L M Jeyapalan	1,000,000	0.45
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Toh Su See	797,400	0.36
23.	Kenanga Investment Bank Berhad Exempt An CLR (BA) for Kenanga Investors Berhad	723,500	0.32
24.	MERCSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	720,000	0.32
25.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	670,000	0.30
26.	Ng Ho Fatt	645,000	0.29
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Beng Hoo	532,000	0.24
28.	CIMSEC Nominees (Asing) Sdn. Bhd. CIMB Bank for Lim Geok Eng Mary (MY0955)	508,500	0.23
29.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dennis Chin Ching Chung	500,000	0.22
30.	Lim Poh Mei	500,000	0.22
	Total	**183,163,636**	**82.05**

ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (RCSLS) HOLDINGS AS AT 23 APRIL 2014

Total Number of RCSLS Issued	: 65,706,060
Total Number of Outstanding RCSLS	: 60,602,015
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	18	4.35	875	0.00
100 - 1,000	106	25.60	64,955	0.11
1,001 - 10,000	209	50.48	785,250	1.30
10,001 - 100,000	58	14.01	1,917,950	3.16
100,001 – less than 5% of issued RCSLS	20	4.83	9,060,550	14.95
5% and above of issued RCSLS	3	0.72	48,772,435	80.48
Total	**414**	**100.00**	**60,602,015**	**100.00**

LIST OF DIRECTORS' RCSLS HOLDINGS

Directors	Note	RCSLS Holdings			
		Direct No. of RCSLS	%	Indirect No. of RCSLS	%
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-
Yeoh Soo Ann	a	-	-	16,659,009	27.49
Mohd Ibrahim bin Masrakin	a	-	-	16,659,009	27.49
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		569,500	0.94	-	-
Datuk Fong Joo Chung		-	-	-	-
Dato' Feroz bin A S Moidunny		-	-	-	-

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

LIST OF 30 LARGEST RCSLS HOLDERS
(as at 23 April 2014)

No.	Name of RCSLS Holders	No. of RCSLS	%
1	UOBM Nominees (Tempatan) Sdn. Bhd. for Pegang Impian Holdings Sdn. Bhd.	20,938,000	34.55
2.	UOBM Nominees (Tempatan) Sdn. Bhd. for Lavista Sdn. Bhd.	16,659,009	27.49
3.	UOBM Nominees (Asing) Sdn. Bhd. TOIC Investment Ltd	11,175,426	18.44
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Siva Kumar A/L M Jeyapalan (PBCL-0G0015)	2,388,200	3.94
5.	Ching Chooi Sim	866,625	1.43
6.	Merit Icon Sdn. Bhd.	851,100	1.40
7.	Ng Ho Fatt	823,000	1.36
8.	Datuk (Dr) Philip Ting Ding Ing	569,500	0.94
9.	Teo Yong Fong	566,200	0.93
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	524,100	0.86
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Chow Ho	307,500	0.51
12.	Siva Kumar A/L M Jeyapalan	278,400	0.46
13.	Kiu Chiong Chin	255,825	0.42
14.	Eu Mui @ Ee Soo Mei	220,000	0.36
15.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	210,000	0.35
16.	Naisa Equities Sdn. Bhd.	184,700	0.30
17.	Tan Mei Ying	177,600	0.29

18.	MERCSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	174,000	0.29
19.	Ng Ho Fatt	167,300	0.28
20.	JF Apex Nominees (Tempatan) Sdn. Bhd. Huatai Financial Holdings (HK) Limited for GV Asia Fund Limited	148,600	0.25
21.	Su Ming Yaw	130,000	0.21
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	116,600	0.19
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Eng Teck Kiew (Melaka R-CL)	101,300	0.17
24.	Chong Sam Moi @ Chong Mei Lan	100,000	0.17
25.	Koay Hock Sing	100,000	0.17
26.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Chau	80,250	0.13
27.	Tan Siong An	80,000	0.13
28.	Chung May Min @ Chung May Lin	78,400	0.13
29.	Neo Teck Huat	70,000	0.12
30.	Ho Oi Seong	64,700	0.11
	Total	**58,406,335**	**96.38**

ANALYSIS OF WARRANTS HOLDINGS AS AT 23 APRIL 2014

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	60	8.28	2,486	0.01
100 - 1,000	194	26.76	101,425	0.31
1,001 - 10,000	248	34.21	1,273,525	3.88
10,001 - 100,000	200	27.59	6,355,300	19.34
100,001 – less than 5% of issued Warrants	20	2.76	4,554,263	13.86
5% and above of issued Warrants	3	0.41	20,566,031	62.60
Total	**725**	**100.00**	**32,853,030**	**100.00**

LIST OF DIRECTORS' WARRANTS HOLDINGS

Directors	Note	Warrants Holdings			
		Direct No. of Warrants	%	Indirect No. of Warrants	%
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-
Yeoh Soo Ann	a	-	-	8,329,505	25.35
Mohd Ibrahim bin Masrakin	a	-	-	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' Feroz bin A S Moidunny		-	-	-	-

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

Encorp Cahaya Alam

LIST OF 30 LARGEST WARRANTS HOLDERS
(as at 23 April 2014)

No.	Name of Warrants Holders	No. of Warrants	%
1.	UOBM Nominees (Tempatan) Sdn. Bhd. for Pegang Impian Holdings Sdn. Bhd.	10,469,000	31.87
2.	UOBM Nominees (Tempatan) Sdn. Bhd. for Lavista Sdn. Bhd.	8,329,505	25.35
3.	Ching Chooi Sim	1,767,526	5.38
4.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Shaiha binti Mahmud @ Mohd Ali (REM 851-Margin)	626,000	1.91
5.	Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Bee Choo (LIM 5732C)	320,000	0.97
6.	Affin Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ooi Ying Nee	300,000	0.91
7.	Datuk (Dr) Philip Ting Ding Ing	284,750	0.87
8.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	282,300	0.86
9.	Ng Ho Fatt	280,000	0.85
10.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	279,300	0.85
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Siew Chan	270,400	0.82
12.	Teo Yong Fong	270,000	0.82
13.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thong Kim Ying @ Thong Kum Ying (021)	260,000	0.79
14.	Lee Boon Koon	230,000	0.70
15.	Lim Siew Yeok	184,000	0.56
16.	Soh Tong Hwa	162,900	0.50
17.	Lee Ser Wor	134,000	0.41

18.	Kiu Chiong Chin	127,913	0.39
19.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Yong Soon (8110823)	120,000	0.37
20.	Yau Siew Fun	109,000	0.33
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Siong An (470676)	108,750	0.33
22.	Chua Lee Guan	104,900	0.32
23.	Meenambal A/P Vijayakumar	100,050	0.30
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Muhammad Danish bin Abdullah Manoharan	100,000	0.30
25.	Khoo Henn Kuan	100,000	0.30
26.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yeoh Poh Lian (REM 108)	100,000	0.30
27.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sia Ngo Hin (E-LBG)	100,000	0.30
28.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lau Tiew Kung (8048141)	96,900	0.29
29.	Chong Sze Thiam	90,000	0.27
30.	Kong Foong Ming	80,000	0.24
	Total	**25,787,194**	**78.49**

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 2013, the retained profits and share premium account of the Company stood at RM45.05 million and RM102.44 million respectively.

4. Source of Funds

   The amount allocated for share buy-back will be financed by internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s). In the event that the Company intends to purchase its own shares using external borrowings, the Board of Directors shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of Encorp group of companies.

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

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of Encorp as at 23 April 2014 on the assumption that shares purchased from shareholders other than the Directors are set out below:

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

Directors	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back ①			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-
Yeoh Soo Ann	-	-	66,636,036 ②	29.85	-	-	66,636,036②	32.39
Mohd Ibrahim bin Masrakin	-	-	66,636,036 ②	29.85	-	-	66,636,036②	32.39
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.02	-	-	2,278,000	1.11	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-
Dato' Feroz bin A S Moidunny	-	-	-	-	-	-	-	-

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	%
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-	-	-	-	-
Yeoh Soo Ann	-	-	66,636,036 ②	29.85	-	-	91,624,550 ②	28.93	-	-	91,624,550 ②	31.61
Mohd Ibrahim bin Masrakin	-	-	66,636,036 ②	29.85	-	-	91,624,550 ②	28.93	-	-	91,624,550 ②	31.61
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-	-	-	-	-
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.02	-	-	3,132,250	0.99	-	-	3,132,250	1.08	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Feroz bin A S Moidunny	-	-	-	-	-	-	-	-	-	-	-	-

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.

The proforma effects of the proposed share buy-back on the shareholdings of the substantial shareholders in Encorp as at 23 April 2014 on the assumption that Shares are purchased from shareholders other than the substantial shareholders are set out below:

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

Substantial Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back #			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	29.85	-	-	66,636,036	32.39	-	-
Yeoh Soo Ann	-	-	66,636,036 ①	29.85	-	-	66,636,036 ①	32.39
Mohd Ibrahim bin Masrakin	-	-	66,636,036 ①	29.85	-	-	66,636,036 ②	32.39
Anjakan Masyhur Sdn. Bhd.	40,000,000	17.92	-	-	40,000,000	19.44	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ②	17.92	-	-	40,000,000 ③	19.44
Azman Hanafi bin Abdullah	-	-	40,000,000 ②	17.92	-	-	40,000,000 ③	19.44
Pegang Impian Holdings Sdn. Bhd.	43,752,000	19.60	-	-	43,752,000	21.26	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000 ③	19.60	-	-	43,752,000 ④	21.26
Taufiq bin Abdul Khalid	-	-	43,752,000 ③	19.60	-	-	43,752,000 ④	21.26

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

Substantial Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				Proforma I : Assuming full conversion of RCSLS and full exercise of warrants				After Proforma I and Proposed Renewal of Authority for Share Buy-Back #			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	29.85	-	-	91,624,550	28.93	-	-	91,624,550	31.61	-	-
Yeoh Soo Ann	-	-	66,636,036 ①	29.85	-	-	91,624,550 ①	28.93	-	-	91,624,550 ①	31.61
Mohd Ibrahim bin Masrakin	-	-	66,636,036 ①	29.85	-	-	91,624,550 ①	28.93	-	-	91,624,550 ①	31.61
Anjakan Masyhur Sdn. Bhd.	40,00,000	17.92	-	-	40,000,000	12.63	-	-	40,000,000	13.80	-	-
Azhar bin Mohd Awal	-	-	40,000,000 ②	17.92	-	-	40,000,000 ②	12.63	-	-	40,00,000 ②	13.80
Azman Hanafi bin Abdullah	-	-	40,000,000 ②	17.92	-	-	40,000,000 ②	12.63	-	-	40,00,000 ②	13.80
Pegang Impian Holdings Sdn. Bhd.	43,752,000	19.60	-	-	75,159,000	23.73	-	-	75,159,000	25.93	-	-
Abang Ariffin bin Abang Bohan	-	-	43,752,000 ③	19.60	-	-	75,159,000 ③	23.73	-	-	75,159,000 ③	25.93
Taufiq bin Abdul Khalid	-	-	43,752,000 ③	19.60	-	-	75,159,000 ③	23.73	-	-	75,159,000 ③	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 interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

③ 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 follow:

(a) it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive Encorp Group of interest income that can be derived from the funds utilised for the Share Buy-Back; and

(b) as the Share Buy-Back can only be made out of retained profits and share premium of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of the Company and of the resultant impact on its shareholders. The Board of Directors in exercising any decision on the share buy-back will be mindful of the interest of the Company and its shareholders.

7. Financial Effects of the Proposed Renewal of Authority for Share Buy-Back

On the assumption that the share buy-back is carried out in full, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, net asset per share (NA), working capital and earnings per share (EPS) of the Company are set out below:

(a) Share Capital

The effects of any purchase of the Company's own Encorp Shares will depend on whether the Encorp Shares so purchased are cancelled or retained as treasury shares.

The proposed share buy-back will not have any effect on the issued and paid-up share capital if all the Encorp Shares purchased are to be retained as treasury shares, re-sold or distributed to our shareholders.

The proposed share buy-back will however, result in the reduction of the issued and paid-up share capital if the Encorp Shares so purchased are cancelled. The proforma effects of the proposed share buy-back based on the issued and paid-up share capital as at 23 April 2014 and assuming the Encorp Shares so purchased are cancelled are set out below:

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

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

	Scenario I **No. of Encorp Shares**	**Scenario II** **No. of Encorp Shares**
Existing issued and paid-up share capital as at 23 April 2014	228,612,581	228,612,581
To be issued pursuant to:		
- full conversion of RCSLS	-	60,602,015
- full exercise of Warrants	-	32,853,030
Enlarge issued and paid-up share capital	228,612,581	322,067,626
Treasury shares as at 23 April 2014	(5,386,000)	(5,386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(17,475,258)	(26,820,762)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	205,751,323	289,860,864

(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 2013, the Company had declared 3% single-tier final 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 2013 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 vent the proposed share buy-back results in any directors(s), substantial shareholders(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining Encorp Shares not held by him/them.

However, an approval may be sought from the Securities Commission by the affected director(s) or substantial shareholder(s) for exemption under Paragraph 24 of Practice Note 9 of the Code before a mandatory offer obligation is triggered.

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

   As per the Record of Depository as at 23 April 2014, 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 23 April 2014, the public shareholding spread of Encorp was 30.86%. The public shareholding spread is expected to be reduced to 23.22% assuming the share buy-back is 22,861,258 Encorp Shares (min scenario) and 24.82% assuming the share buy-back is 32,206,762 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

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of ENCORP BERHAD will be held at Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak on Wednesday, 25 June 2014 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 2013 together with the Reports of the Directors and Auditors thereon.	(Ordinary Resolution 1)
2.	To declare a single tier final dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2013.	(Ordinary Resolution 2)
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2013.	(Ordinary Resolution 3)
4.	To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Chew Kong Seng @ Chew Kong Huat, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."	(Ordinary Resolution 4)
5.	To re-elect Yeoh Soo Ann who retires in accordance with Article 81 of the Articles of Association of the Company.	(Ordinary Resolution 5)
6.	To re-elect the following Directors who retire in accordance with Article 88 of the Articles of Association of the Company: (a) Mohd Ibrahim Bin Masrakin (b) Dato' Feroz Bin A S Moidunny	 (Ordinary Resolution 6) (Ordinary Resolution 7)
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.	(Ordinary Resolution 8)

As Special Business

To consider and, if thought fit, to pass the folowing resolutions:

8.	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 "THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities"); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."	(Ordinary Resolution 9)
9.	Proposed Renewal of Authority for Share Buy-Back "THAT subject always to the Companies Act, 1965, the Company's Articles of Association, Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital through Bursa Securities, provided that: (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the existing issued and paid-up ordinary share capital for the time being of the Company; (b) the maximum funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and share premium account of the Company; and (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until: (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; (ii) the expiration of the period within the next Annual General Meeting after the date is required by law to be held; or (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever is earlier. AND THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:	

	(i) cancel all the shares so purchased; and/or (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market day of Bursa Securities; and/or (iii) retain part of the shares so purchased as treasury shares and cancel the remainder. AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."	(Ordinary Resolution 10)
10.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Section 2.3 of the Circular to Shareholders dated 3 June 2014 "THAT, subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("Encorp Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the Encorp Group with specified classes of related parties (as defined in the Listing Requirements of Bursa Securities and as specified in Section 2.3 of the Circular to Shareholders dated 3 June 2014) which are necessary for the day to day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Encorp Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until: (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; (b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or (c) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier. THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."	(Ordinary Resolution 11)
11.	To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.	

Notice Of Dividend Entitlement

NOTICE IS ALSO HEREBY GIVEN THAT a single tier final dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2013 will be payable on 10 July 2014 to depositors whose names appear in the Record of Depositors at the close of business on 30 June 2014 if approved by the members at the Fourteenth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of :

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2014 in respect of ordinary transfers; and
(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Lee Lay Hong
(LS 0008444)
Company Secretary

Kuching
3 June 2014

Explanatory Notes to Special Business:

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

   The above Ordinary Resolution 9 is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.

   The above Ordinary Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of share issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirteenth Annual General Meeting held on 19 June 2013 and which will lapse at the conclusion of the Fourteenth Annual General Meeting ("14th AGM") to be held on 25 June 2014.

   The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

2. Proposed Renewal of Authority for Share Buy-Back

   The proposed adoption of Ordinary Resolution 10 is intended to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 19 June 2013. The proposed renewal of authority for share buy-back will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the issued and paid-up share capital of the Company at any time within the time period stipulated in the Listing Requirements of Bursa Securities.

3. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The proposed Resolution 11, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the Encorp Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 3 June 2014 which is circulated together with the Annual Report 2013.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 14th AGM.

2. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.

3. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.

4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provision of Section 149(1)(c) of the Act is complied with.

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy and the power of attorney or other authority, if any, must be deposited at the Registered Office of the Company at Level 2, Block B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Statement accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the Fourteenth Annual General Meeting of the Company.

Interior | Encorp Strand Residences

Encorp Strand Residences

Encorp Strand | Kota Damansara

ENCORP BERHAD
(Company No. 506836 -X)

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 Fourteenth Annual General Meeting ("14th AGM") of the Company, to be held at Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak on Wednesday, 25 June 2014 at 2.30 p.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1.	Receipt of Audited Financial Statements for the financial year ended 31 December 2013 together with Reports of the Directors and Auditors thereon		
2.	Declaration of a single tier final dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2013		
3.	Approval of Directors' Fees for the financial year ended 31 December 2013		
4.	Re-appointment of Dato' Chew Kong Seng @ Chew Kong Huat as Director		
5.	Re-election of Yeoh Soo Ann as Director		
6.	Re-election of Mohd Ibrahim Bin Masrakin as Director		
7.	Re-election of Dato' Feroz Bin A S Moidunny as Director		
8.	Re-appointment of Messrs Ernst & Young as Auditors and authority to the Directors to fix the Auditors' remuneration.		
9.	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	Proposed renewal of authority for share buy-back		
11.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3 of the Circular to Shareholders dated 3 June 2014		

(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 _____________ 2014. Signature ______________________

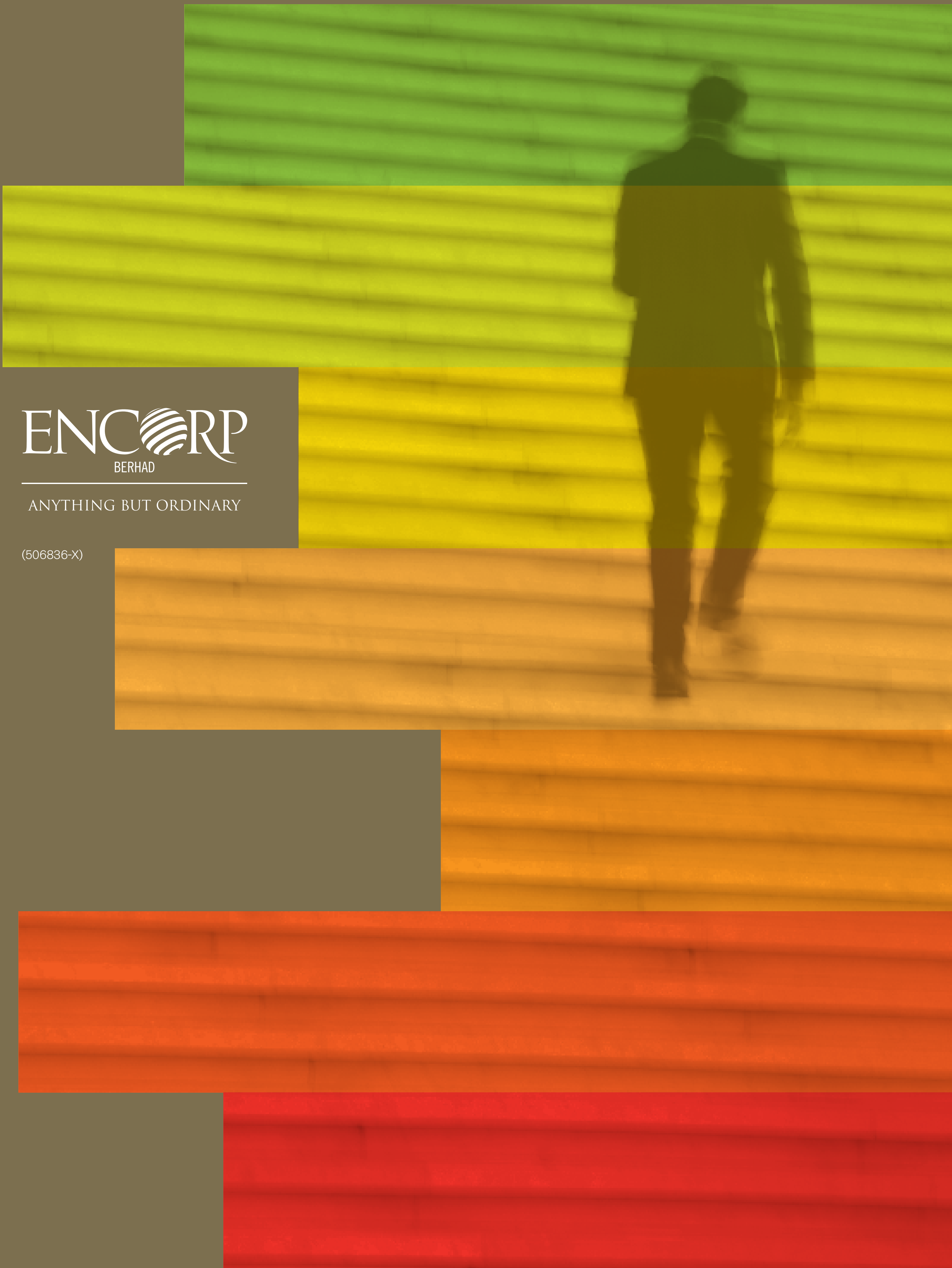
Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2014 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 14th AGM.*
2. *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply to the Company.*
3. *If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.*
4. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provision of Section 149(1)(c) of the Act is complied with.*
5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owner in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, must be deposited at the Registered Office of the Company at Level 2, Block B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Place
Stamp
Here

The Company Secretary

Encorp Berhad (506836-X)
Level 2, Block B-59, Taman Sri Sarawak Mall
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak



ENCORP
BERHAD

ANYTHING BUT ORDINARY

(506836-X)

45G, Jalan PJU 5/21, The Strand Encorp, Pusat Perdagangan Kota Damansara, PJU 5, 47810 Petaling Jaya | **Selangor Darul Ehsan**