anything but ordinary

ANNUAL REPORT 2010

ENCORP BERHAD

(506836-X)

Anything But Ordinary

At Encorp, we believe in building great from the ground up. That means thinking through all angles of a project from conception to construction, in full. Firstly, to ensure our customers (you, for example) are offered the best possible product. But more importantly to also reward you with a unique end-user experience that above all, far exceeds conventional expectations. We take great pride in what we do and how we do it. Beyond bricks and mortar, we are serious about building a reputation as a developer keen to put people's real wants and needs first. From our signature projects, you will see how our commitment to innovation and excellence is establishing new benchmarks for quality, for value and for you.

Good ideas are common – what is uncommon is finding people who will dedicate themselves to transforming these ideas into realities. For Malaysians from all walks of life, Encorp is a developer which provides a subtly surprising experience. Not just merely delivering upon expectations but even more so surpassing the ordinary as we continuously aim to go beyond your aspirations and doing the common things uncommonly well. We anticipate your every desire on every human level and continue to turn each and every experience from Good to Great. **This is the Encorp Experience.**

More than just a plaque in the cabinet, the Edge-PEPS Value Creation Excellence Award 2010 is a significant demonstration of our commitment to deliver outstanding quality, standards, value and service ("QSVS") for our stakeholders. Now that we know what it takes, we want to continuously do better.


THE EDGE-PEPS
Value Creation Excellence
Award 2010
THE STRAND BY ENCORP BHD
NON-RESIDENTIAL CATEGORY
DOROTHY TEOH
EDITOR-IN-CHIEF,
THE EDGE
AU FOONG YEE
EXECUTIVE EDITOR, PROPERTY & RETAILING,
THE EDGE

THE ENCORP EXPERIENCE
BERHAD

anything but ordinary.

At Encorp, we believe in building great from the ground up. That means thinking through all angles of a project, from conception to construction, in full. Firstly, to ensure our customers (you for example) the best possible product. But, even more importantly, to also reward you with a unique end-user experience that, above all, far exceeds traditional expectations.

Forgive us if we seem somewhat zealous. It's just that we take great pride in what we do and how it's done. Beyond bricks and mortar, we're serious about building a reputation as a developer keen to put people's real wants and needs first.

To help you better understand exactly what we're talking about, we've showcased a few of our signature projects in this ad. Read the captions and you'll see how our commitment to innovation and excellence is establishing new benchmarks for quality, for value and for you. And happily, if you're in too much of a rush to read right now, the pictures tell the same story too.

Yet whichever you opt for, please accept our heartfelt wishes for a truly great 2011.

THE EDGE-PEPS
Value Creation Excellence
Award 2010
Commercial Category

We're grateful our efforts are already earning a measure of appreciation.

Puteri Harbour, Nusajaya.

Puteri Harbour is a world-class integrated waterfront precinct cum marina affording a panoramic view of the Straits of Johor. It's here that Encorp will embark upon a 3.3-acre luxury commercial and serviced apartments development worth RM 500 million in 2011.

Encorp Strand.

This RM 1.3 billion, 45.6 acre mixed development straddling the commercial belt of Kota Damansara comprises Garden Offices, Red Carpet Boulevard, Residences and lifestyle retail mall with cascading water features and landscaped streets

Characterised by its French architectural style, this 35-storey residential tower affords high-end comfort, service and luxury as well as panoramic city views. Gross development value, inclusive of the iconic Red Carpet Boulevard: RM 540 million.

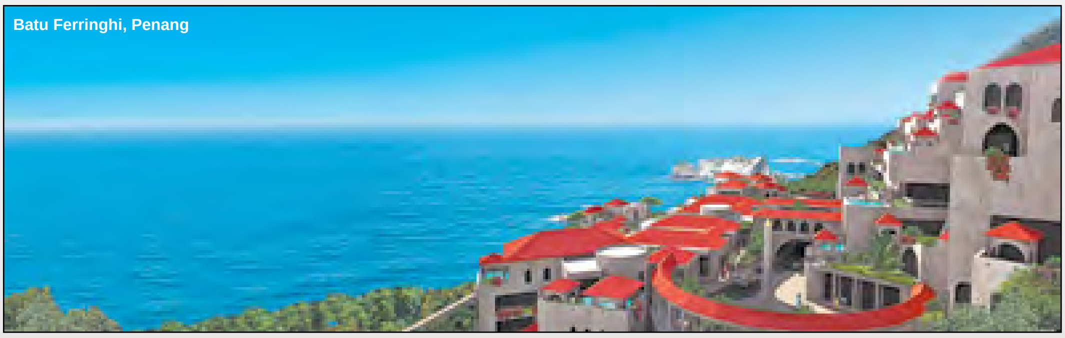
The Mall and Residences @ Encorp Strand


Red Carpet Boulevard @ Encorp Strand

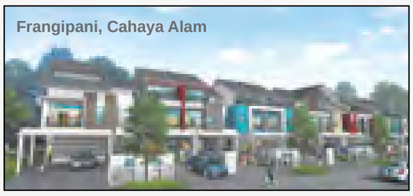
Soon, beneath a magnificent climate-controlled glass canopy, you can enjoy the vibrant buzz of high life camaraderie along a cobblestoned walkway beautifully fashioned after the Avenue des Champs Élysées in Paris. This commercial gem is set to be fully operational by mid 2011.


Garden Office @ Encorp Strand

A contemporary eco-friendly office space that boasts a sky garden with bridges, beautifully landscaped walkways with fountains and glass lifts that allow natural light to flood interior spaces. Further enhancing such inherent uniqueness, each and every unit is designed as a corner unit.


Batu Ferringhi, Penang

This year, Encorp will begin construction of an exclusive mix of Mediterranean-styled villas and low-rise condominiums designed by award-winning French architect Nicolas Ayoub on a 5.831-acre sea-facing hillside plot. Gross development value: RM210 million.


Frangipani, Cahaya Alam

Located within a 209 - acre RM 800 million residential development next to Section U12, Shah Alam, Frangipani is characterised by unique multi-façade 2 $^{1}/_{2}$ - storey homes fronting a 3 - acre garden landscape.


Lotus, Cahaya Alam

A guarded community, Lotus is characterised by 3,400ft^2 2 - storey semi-detached homes, each with a distinctive façade and 4,000ft^2 3 - storey units featuring a large roof-garden , sky cabana and lake views.

Encorp Strand Business Suites won the EDGE-PEPS Value Creation Excellence Award 2010, Commercial Category. This, coupled with the exclusivity of design, quality of construction and prime location has, since their launch in 2005, resulted in values appreciating as much as 102%.


The View...


...from Victoria Park, Perth

Here, a 3,399m^2 parcel of prime real estate fronted by a scenic park and the Swan River with a spectacular view of Perth's Central Business District will house a residential development comprising 28 exclusive high-end apartments scheduled for launch this year.

All visuals herein are for illustrative purposes only.

ENCORP BERHAD

www.encorpbhd.com.my

Innovation distinguishes between a leader and a follower.

Steve Jobs - American Entrepreneur Apple co-founder

Innovation

Good ideas are common - what is uncommon is finding people who will dedicate themselves to transforming these ideas into realities. For Malaysians from all walks of life, Encorp is a developer which provides a subtly surprising experience. Not just merely delivering upon expectations but even more so surpassing the ordinary as we continuously aim to go beyond your aspirations and doing the common things uncommonly well. We anticipate your every desire on every human level, and continue to turn each and every experience from Good to Great. This is the Encorp Experience.

Contents

Poised to be the centre of attraction at Encorp Strand, the iconic Red Carpet is equipped with facilities such as state-of-the-art sound system, specially designed lighting and fibre-optic cables which have been seamlessly embedded for a complete 'plug & play' experience for those who wish to hold local and international events such as performances, film premiers, fashion shows, product launches as well as music and cultural festivals.

Red Carpet Boulevard - Encorp Strand Kota Damansara

Corporate Profile

Encorp Berhad is not just another company listed on Bursa Malaysia; it is a name that represents great ideas and an unwavering mission to enrich the life of its customers. Incorporated in Malaysia on 2 March 2000 and listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003, Encorp began with a vision to make a real difference to the lives of its customers, investors and employees. Now this name does not only stand for a reputation of excellence, but also sets up new benchmarks in quality, standards, value, service, innovation and efficiency. All aspects of its developments and products have been thoroughly and strategically planned to meet the needs of those who put their trust in Encorp and its products.

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

Spearheading the fulfillment of Encorp's vision are five signature property development projects. These are Encorp Strand in Kota Damansara, Encorp Cahaya Alam in Shah Alam, a project of hillside villas in Batu Feringghi, Penang, a luxury commercial and residential development in the nation's upcoming premier waterfront precinct of Puteri Harbour, Nusajaya, and a high-end apartment project in Victoria Park, Perth, Australia. Our Perth project signifies Encorp's maiden foray outside of Malaysia.

Encorp is also no stranger to the construction industry. Its construction management subsidiary, Encorp Construct Sdn. Bhd. is a Class A contractor and the company is a leader in the utilisation of the Industrialised Building System ("IBS") in Malaysia, a technology that helps to reduce construction time, costs and manpower utilisation. This was proven with the success in completing the National Teacher's Housing Project – the largest privatisation project using IBS undertaken for the Ministry of Education Malaysia.

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

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

Evoking images of tropical valleys, terraced rice fields and forest trees, Puteri Harbour is designed as villas in the sky, fringed with verdant planters and generous balconies, suspended from tree-like sculptural cores. These arboreal towers, together with the unique cascading residential units, terraced roof gardens and pools, are anything but ordinary.

Puteri Harbour - Johor Bahru

Vision, Mission & Core Values

VISION

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

MISSION

EB Good 2 Great From Now!

CORE VALUES

Ethical

We will always do the right thing.

Relationship

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

Success

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

Learning

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

In 2010, we officially launched the Garden Office which as at 31 December 2010, was 62% sold. Garden Office is an intelligent combination of design and technology that will upgrade the conventions of the working environment.

Garden Office - Encorp Strand Kota Damansara

Building a Culture of Innovation

At Encorp, we have always been driven by innovation and a dedication to grow smartly by attracting and retaining the best people. At our soul, Encorp is an ideas company. Together, we strive to develop ideas that ripple throughout the company, picking up momentum from one department to the next to another until they become a tsunami of transformation. We create ideas that redefine the human experience of the people who will live, work, learn and prosper in our portfolio of developments.

Innovation has always been a driving force behind Encorp's commitment to Quality, Standards, Value and Service ("QSVS"), and we continue to instill a culture of innovation in everything that we do. The best developers are those that consistently innovate on concepts and designs. These, combined with stringent quality delivery system and processes, will give customers the best value for their money and further see the product appreciate in value with time. Some of Encorp's projects have already shown this through innovative concepts and designs. Our flagship projects, Encorp Strand and Encorp Cahaya Alam, comprise designs that meet the needs of a 21st century community, who have increasingly high expectations of a complete living, leisure and business environment.

Encorp Berhad is not just another company listed on Bursa Malaysia; it is a name that represents great ideas and an unwavering mission to enrich the life of its customers.

NOTICE OF AGM

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

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of ENCORP BERHAD will be held on Wednesday, 22 June 2011 at 2.30 p.m. Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak for the following purposes:

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.	*(Ordinary Resolution 1)*
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2010.	*(Ordinary Resolution 2)*
3.	To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: "That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Chew Kong Seng @ Chew Kong Huat, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."	*(Ordinary Resolution 3)*

4.	To re-elect Pn Efeida Binti Mohd Effendi who is retiring in accordance with Article 81 of the Articles of Association of the Company.	*(Ordinary Resolution 4)*
5.	To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration.	*(Ordinary Resolution 5)*

As Special Business

To consider and, if thought fit, to pass the following resolutions:

6.	**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** "THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities"); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."	*(Ordinary Resolution 6)*
7.	**Proposed renewal of authority for share buy-back** "THAT subject always to the Companies Act, 1965, the Company's Articles of Association, Main Market Listing Requirements ("Main LR") 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 7)*
8.	To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 1965.	

By Order of the Board

LEE LAY HONG
(LS 0008444)
Company Secretary

Kuching
31 May 2011

Explanatory Note to Ordinary Business:

1. Retirement of Director

   Datuk Ramli Bin Shamsudin who is retiring by rotation pursuant to Article 81 of the Company's Articles of Association has given notice that he does not wish to seek re-election and accordingly will retire at the conclusion of the forthcoming Annual General Meeting.

Explanatory Notes to Special Business:

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

   The above Ordinary Resolution 6 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 6, 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 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 Tenth Annual General Meeting held on 23 June 2010 and which will lapse at the conclusion of the Eleventh Annual General Meeting to be held on 22 June 2011.

   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 7 is intended to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 23 June 2010. 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 10% of the issued and paid-up share capital of the Company at any time within the time period stipulated in the Main LR of Bursa Securities.

Notes:

1. 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.

2. 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.

3. 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.

4. 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.

5. 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)

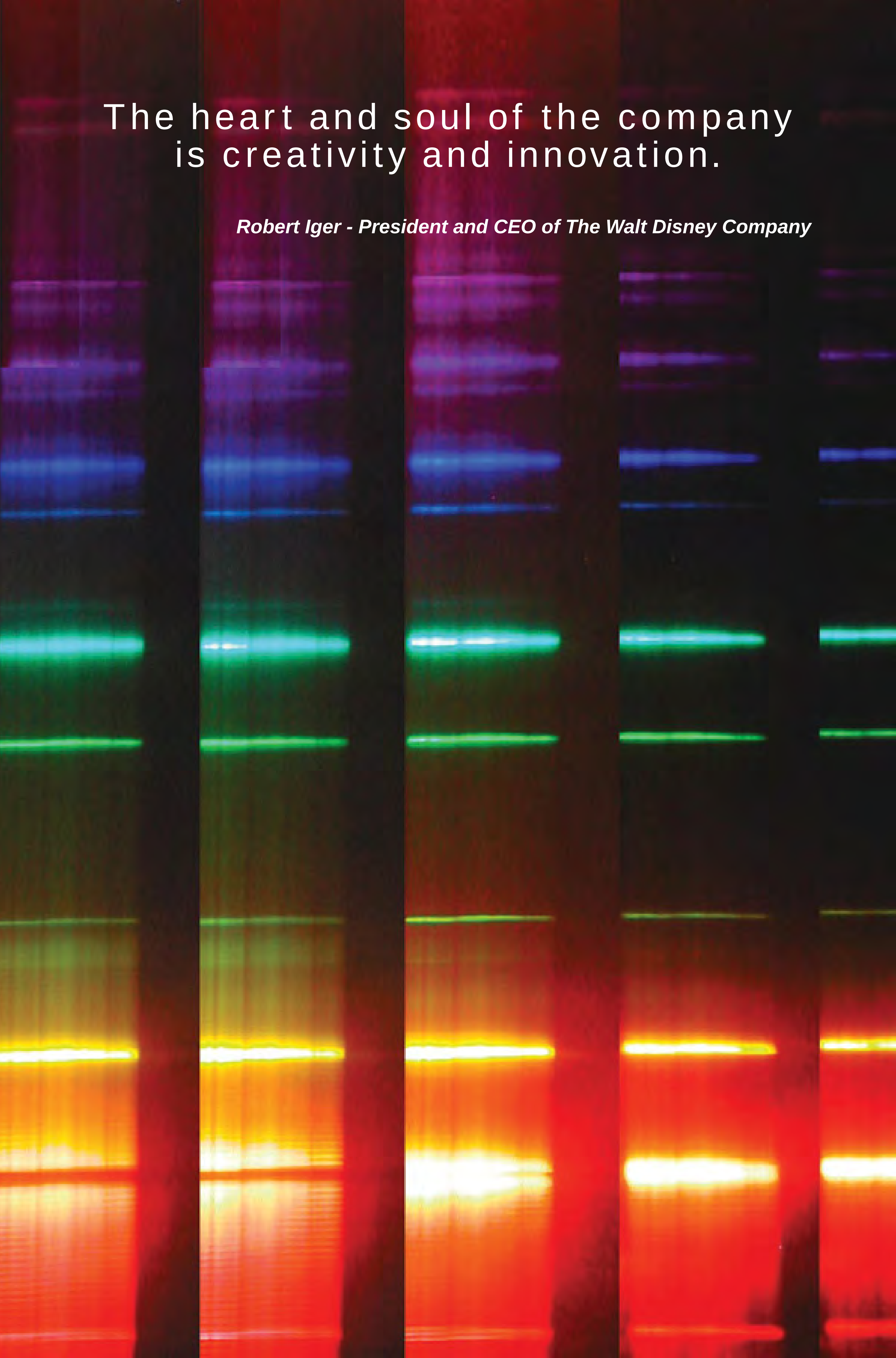
Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the Eleventh Annual General Meeting of the Company.

The climate controlled Red Carpet Boulevard is 800 feet long by 90 feet wide, one of the longest of its kind ever built in the Klang Valley.

Red Carpet Boulevard - Encorp Strand Kota Damansara

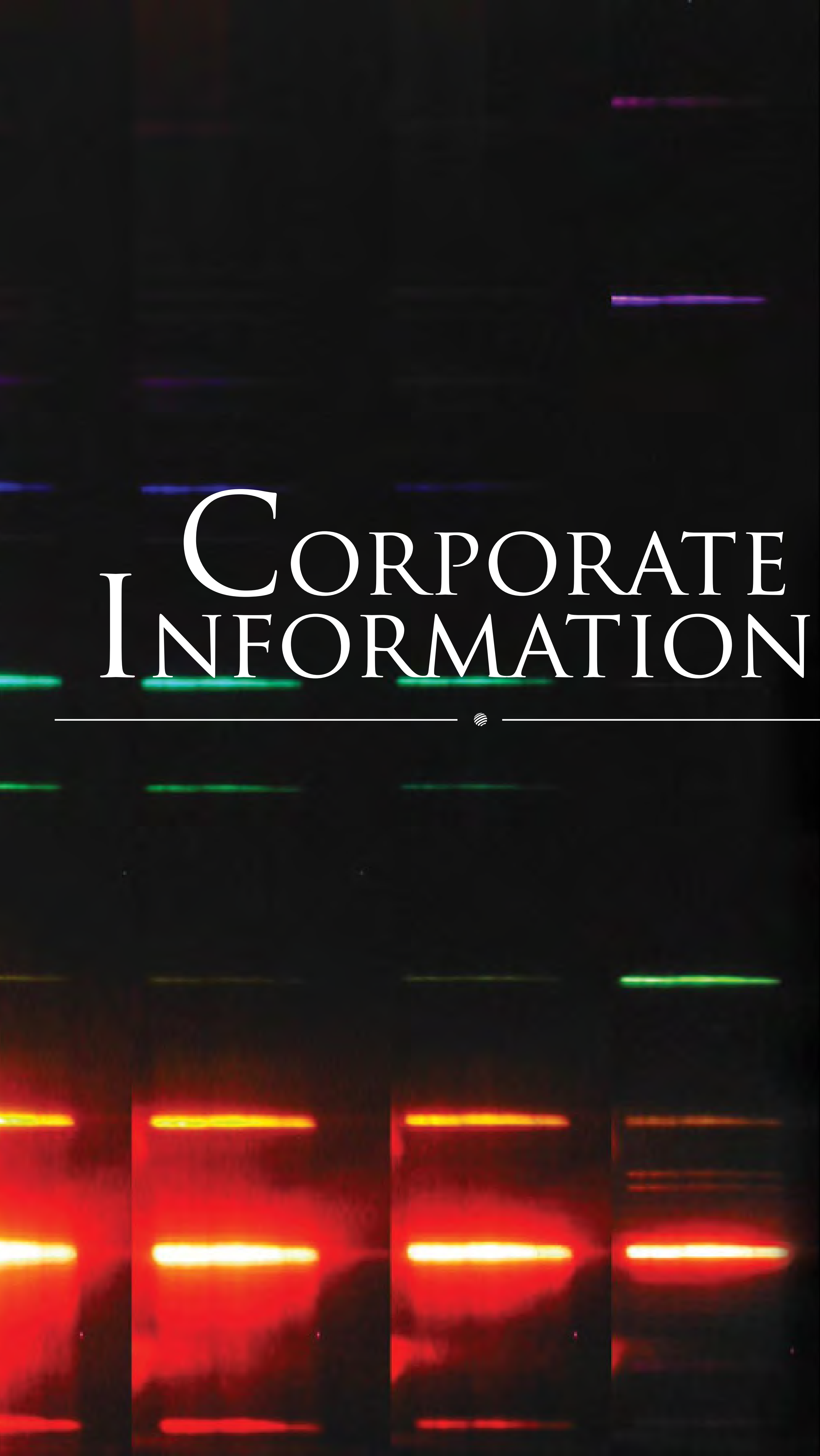
In 2010, innovation has been a driving force behind Encorp's commitment to Quality, Standards, Value and Service ("QSVS"), and we continue to instill a culture of innovation in everything that we do. The best developers are those that consistently innovate on concepts and designs.



The heart and soul of the company is creativity and innovation.

Robert Iger - President and CEO of The Walt Disney Company

Corporate Information



Inspired by its unique location – the foreshore reserve, light is filtered through foliage and branches. The river provides light reflected off the water. The qualities of these elements are explored and translated into the built form through a unique material palette – glass in varying degrees of translucency and louvres screens – complimented with the use of raw concrete, timber and steel.

Victoria Park - Perth, Australia

Corporate Information

BOARD OF DIRECTORS

YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi
Executive Chairman,
Group Chief Executive Officer,
Non-Independent,
Executive Director

Efeida binti Mohd Effendi
Non-Independent,
Executive Director

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

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

Datuk Fong Joo Chung
Independent,
Non-Executive Director

Datuk Ramli bin Shamsudin
Non-Independent,
Non-Executive Director

Dato' Marcus Kam Kok Fei
Independent,
Non-Executive Director

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

AUDIT COMMITTEE

Dato' Chew Kong Seng @ Chew Kong Huat
Chairman

Datuk Fong Joo Chung
Member

Datuk (Dr) Philip Ting Ding Ing
Member

NOMINATION COMMITTEE

Datuk (Dr) Philip Ting Ding Ing
Chairman

Datuk Fong Joo Chung
Member

Dato' Chew Kong Seng @ Chew Kong Huat
Member

REMUNERATION COMMITTEE

Datuk Fong Joo Chung
Chairman

Efeida binti Mohd Effendi
Member

Dato' Chew Kong Seng @ Chew Kong Huat
Member

COMPANY SECRETARY

Lee Lay Hong (LS 0008444)

REGISTERED OFFICE

Level 2, Block B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak
Tel: (6) 082 428 626 Fax: (6) 082 423 626
Email: enquiry@encorp.com.my

SHARE REGISTRAR

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

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

AUDITORS

Ernst & Young (AF: 0039)

SOLICITORS

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

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad
Stock Code : ENCORP
Stock Number : 6076

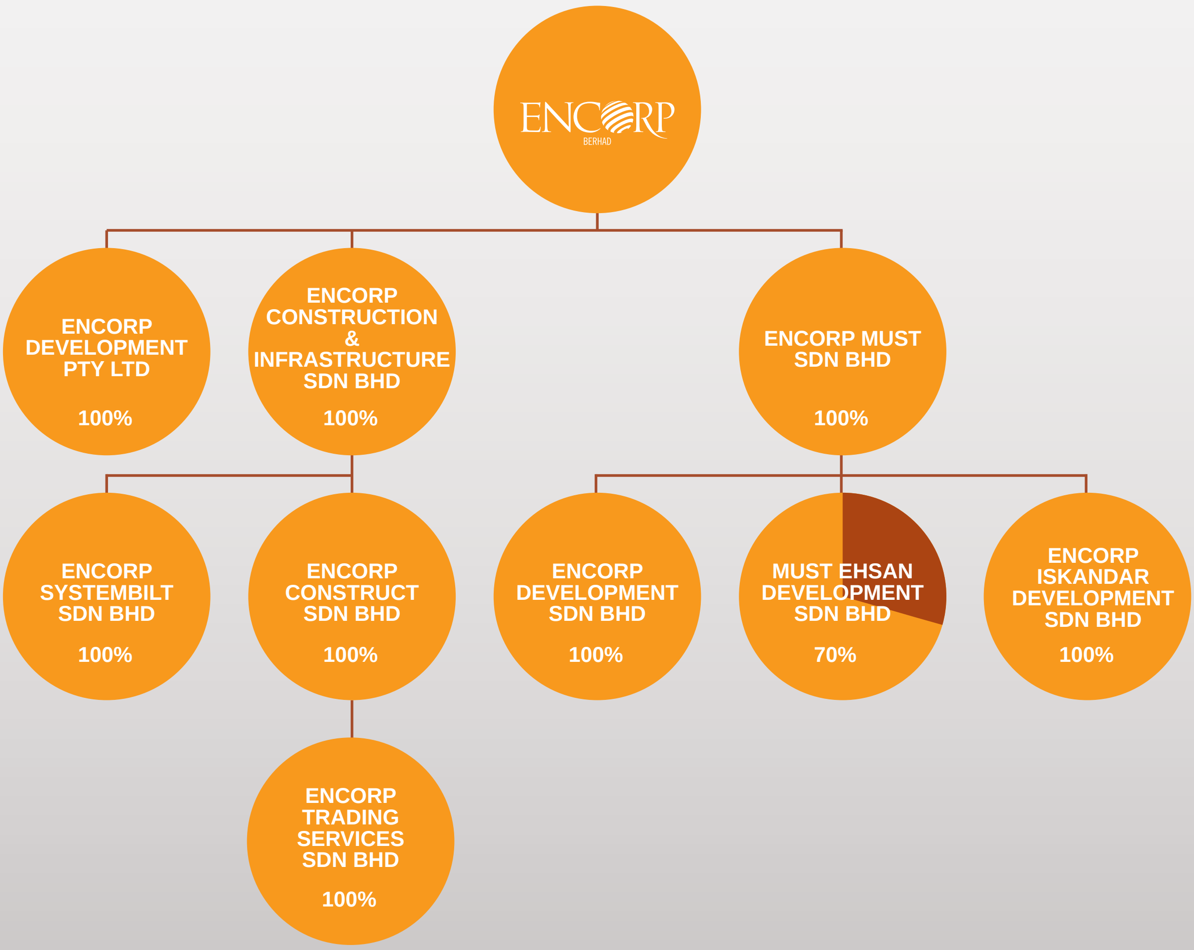
PRINCIPAL BANKERS

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

The essence of the design is a flow of movement in a space of calm and serenity, combining the inspiration and poetic qualities with the functionality aspects of habitation.

Victoria Park - Perth, Australia

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 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

Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.

Stephen R. Covey - author

At the Helm

Board of Directors' Profile

YB Sen. Dato Sri Prof Dr Mohd Effendi Bin Norwawi
Executive Chairman
Group Chief Executive Officer
Non-Independent, Executive Director

YB Sen. Dato Sri Prof Dr Mohd Effendi (Malaysian, aged 63) joined the Board of Encorp Berhad as Executive Chairman on 1 September 2009. He was re-designated as Executive Chairman and Group Chief Executive Officer on 1 December 2010.

YB Sen. Dato Sri holds a Bachelor of Arts (Hons) majoring in Development Administration from the University of Tasmania. YB Sen. Dato Sri was also conferred an Honorary Degree of the Doctor of Laws from the same university.

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

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

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

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

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

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

Efeida (Malaysian, aged 38) was appointed to the Board of Encorp Berhad on 16 April 2001.

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

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

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

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

Datuk (Dr) Philip Ting (Malaysian, aged 59) was appointed to the Board of Encorp Berhad on 16 April 2001.

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

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

Datuk 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 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 (Dr) Philip Ting in the Company, he does not have any other interest with the Company. He does not have any family relationship with any director and/or major shareholder or conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

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

Dato' Chew (Malaysian, aged 73) was appointed to the Board of Encorp Berhad on 2 December 2002.

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

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

Dato' Chew is currently a Director of Bank of America Berhad, Petronas Gas Berhad, Petronas Dagangan Berhad, Aeon Co (M) Berhad, GuocoLand (M) Berhad, PBA Holdings Berhad, Great Wall Plastic Industries Berhad and GW Plastics Holdings Berhad.

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

YBhg Datuk Fong Joo Chung
Independent, Non-Executive Director
Chairman of the Remuneration Committee
Member of the Nomination Committee
Member of the Audit Committee

Datuk Fong (Malaysian, aged 62) was appointed to the Board of Encorp Berhad on 16 April 2001.

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

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

Datuk Fong is a Director of Sarawak Energy Berhad, Bintulu Port Holdings Berhad, Syarikat SESCO Berhad, Lingui Developments Berhad and Sarawak Cable Berhad. He is also a Director of several private companies including Borneo Development Corporation (Sarawak) Sdn Bhd, Harwood Timber Sdn Bhd and Permodalan Assar Sdn Bhd. He sits as a Chairman in Universal Cable (Sarawak) Sdn Bhd.

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

YBhg Datuk Ramli bin Shamsudin
Non-Independent, Non-Executive Director

Datuk Ramli (Malaysian, aged 65) was appointed to the Board of Encorp Berhad on 27 April 2006.

Datuk Ramli holds a Master of Business Administration from Victoria University, Melbourne, Australia, and a Masters degree in Defence Studies from Allahabad University, India. He is also a Fellow Commoner of the Management Programme from Wolfson College of Cambridge University, United Kingdom.

Datuk Ramli started his career with the Royal Malaysian Navy. He joined Britannia Royal Naval College, England in 1964 and graduated in 1967. His past appointments include Commander of Malaysian warships, Director of Naval Training, Commandant of the Royal Malaysian Naval College and Assistant Chief of Staff Naval Plans, Developments and Operations. Datuk Ramli was also Head of the Project Management Team responsible for overseeing construction of four warships in Italy from 1981 to 1986.

Datuk Ramli joined Encorp Group Sdn Bhd in 1997 and was involved in its construction, education and media businesses until January 2000. He was then appointed as Chief Executive Officer of the Malaysian Maritime Academy belonging to Petronas and Malaysian International Shipping Corporation from February 2000 to end of January 2005.

Datuk Ramli has deemed interest in the Company through the substantial shareholding in Lavista Sdn Bhd held by him in trust. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

YBhg Dato' Marcus Kam Kok Fei
Independent, Non-Executive Director

Dato' Marcus Kam (Malaysian, aged 47) was appointed to the Board of Encorp Berhad on 25 September 2009.

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

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

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

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

Other than the 20,000 shares, 5,000 nominal value of Redeemable Convertible Secured Loan Stocks and 2,500 Warrants held by Dato' Marcus Kam in the Company, he does not have any other interest with the Company. He does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 10 years.

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

Datuk Dr Md Hamzah (Malaysian, aged 63) was appointed to the Board of Encorp Berhad on 17 December 2009.

He holds a PhD in Business from Aston University, Birmingham, United Kingdom. He also holds a Master of Business Administration from Texas Christian University and BA from Monmouth College, both from the United States of America.

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

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 had served as a member of the expert group to United Nations Conference on Trade and Development and Islamic Development Bank (Jeddah) on technology and industrial development and Project Director for the Industrial Technology Master Plan for Malaysia in Institute of Strategic and International Studies.

In July 2009, Datuk Dr Md Hamzah was appointed by the Prime Minister as a member of the National Economic Advisory Council.

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


THE EDGE-PEPS
Value Creation Excellence
Award 2010

MANAGEMENT TEAM

Mohd Ibrahim Masrukin
Chief Operating Officer

Yee Tuck Sing A.S.A.
Project Director
- Property Development

Steven Hooi
Director - Construction

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

Lee Lay Hong
General Manager,
Legal & Corporate Services


innovation


innovatio

Chairman's Message

Dear valued shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Encorp Berhad for the financial year ended 31 December 2010.

It has been more than one year now that I have assumed the role of Executive Chairman of the Company, and it has certainly been an exciting journey so far towards our goal of turning Encorp from a good company to a great one. I am very proud to be part of this transformation, and am pleased that we have progressed well over the past year.

One of the major highlights of 2010 was Encorp winning the inaugural The Edge-PEPS Value Creation Excellence Award 2010 for Encorp Strand (Non-Residential Category). The prestigious award presented in October last year, is an accolade for properties that have created the greatest value in terms of capital appreciation and sustaining value within a certain time-frame. More than just a plaque in the cabinet, the Award is a significant demonstration of our commitment to deliver outstanding quality, standards, value and service ("QSVS") for our stakeholders. Now that we know what it takes, we want to continuously do better.

Today, I am even more involved in the business, having assumed the role of Group Chief Executive Officer following the resignation of Mr. Yeoh Soo Ann who has relinquished his position at the end of September 2010 to pursue his new and exciting enterprise. On this note, I would like to put on record my appreciation to Mr. Yeoh for his invaluable and sterling contribution to the Group over the 12 years of his remarkable tenure with Encorp.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2010, the Group's revenue for the twelve months was on an uptrend, registering RM269.7 million compared to RM234.9 million for the corresponding period in 2009. The bulk of the Group's revenue was achieved by the Construction division and concession business followed by property sales which generally saw the market remain weak during the year under review. Overall, Encorp registered a profit before tax of RM13.7 million for the year ended 31 December 2010, albeit lower than the previous year. Basic earnings per share was 3.46 sen.

It is imperative that Encorp aggressively continue on its growth path. In mid-2010, we announced to the market a Proposed Rights Issue and Placement exercise to raise working capital and funding for future project development and construction expenditure. The exercise involved a renounceable Rights issue of up to RM55,877,134 nominal value 5-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") together with up to 27,938,567 free detachable Warrants ("Warrants") on the basis of two RM1.00 RCSLS together with one free detachable warrant for every 8 existing ordinary shares of RM1.00 held in Encorp. In addition, Encorp proposed a placement of up to RM11,175,426 nominal value RCSLS with up to 5,587,713 free detachable warrants.

I am pleased to report that the Rights Issue and Placement exercise was received positively by the market. The Rights Issue of RCSLS with free Warrants was oversubscribed by 5.99% and this is a further testament of the confidence of Encorp's shareholders in Encorp's growth story.

'ANYTHING BUT ORDINARY'

Towards the end of 2010, we embarked on a brand exercise to expand our current positioning within the Encorp Experience which is underlined by innovation in our products and services. In redefining this notion, Encorp seeks to provide an enriching experience for all, surpassing the ordinary, going beyond aspirations, and turning every experience from Good to Great ("G2G"). We want this Encorp Experience to be felt at every touch point – from the time a project is conceptualised on the drawing board, to construction, delivery, sales and after sales. It is an experience that we want all our customers to enjoy – the Encorp Experience that is Anything But Ordinary.

Seeing the progress of our flagship projects is seeing the Encorp Experience come to life.

Witnessing the progress of our flagship projects is seeing the Encorp Experience come to life. Components at Encorp Strand, namely Business Suites, Red Carpet Boulevard, Garden Office, The Mall and Residences, seek to transform this mixed development into a seamless and integrated living, working, shopping, dining and entertainment experience. With a catchment market of some 500,000 residents within a 5km radius, we believe Encorp has the right products to draw them into this development and make Encorp Strand the most happening place in Kota Damansara!

Amongst the exciting components of this vision coming to fruition is the newly completed Red Carpet Boulevard which will be the longest and widest climate-controlled, covered alfresco boulevard ever built in the Klang Valley featuring a masterpiece designed by an international award-winning architect, Nicolas Ayoub, who drew his inspiration from the famous Champs-Elysees in Paris. Representing an innovation of a complete dining and entertainment experience, Red Carpet is designed to be events-ready with an aspiration to host major events in the Klang Valley. Our lifestyle boutique shopping mall will be another key feature of Encorp Strand, and is primed to be the trendiest neighbourhood mall offering the best selection of retail stores for a shopping experience, fresh groceries, dining outlets, bistros, lounges and entertainment clubs of international standards. Meanwhile, the Residences, to be built above the shopping mall will be characterised by its French architectural style and offer high-end comfort, service, security and luxury with panoramic city views, complete with clubhouse amenities.

On the other side of the Klang Valley is Encorp Cahaya Alam in Shah Alam. The masterplan of this development has recently been revised and enhanced, with innovative homes for the 21st century community. Key to developing a quality Encorp home is innovation in design, and our latest home, the unique multi-façade Frangipani clearly demonstrates this. Our homes at Cahaya Alam are also built in anticipation of the needs of the modern family. It is truly an environment for the complete family. At Encorp, we like to think of not just selling homes, but more importantly, a quality life for our customers.

This is only the beginning of what we mean by 'Anything But Ordinary'. Our team is excited to show the market and our customers more with other stunning projects in the near future.

FOCUSING ON OUR STRENGTHS: DELIVERING QSVS

Another facet of delivering the Encorp Experience is to provide service to our customers at a higher level. In 2010, we kicked-off our Customer Relationship Management ("CRM") programme, adopting the latest best practices. This programme essentially enabled us to take a closer look at our interactions with our customers at every touch point. Our CRM at Encorp will be our guide in delivering the Encorp Experience, rather than mere homes or office buildings.

Supporting this effort is our internal campaign of QSVS and the G2G mission that focuses on four key areas – customers, products, processes and systems including our culture and values. With these corporate pillars outlined, we are confident of transforming Encorp into a formidable industry player and a Top 10 property developer in terms of quality and value by 2013.

Our Construction and Property Development divisions have demonstrated their strengths in delivering QSVS through quality products and delivery within schedule. We will continue to focus on innovative design concepts which in the past have led to appreciation in property value. Our value creation award for the Business Suites at Encorp Strand is a true testament of the high appreciation values resulting from the attractive concepts and maintaining high quality standards we strive for at Encorp. We will continue to push the boundaries and set new benchmarks.

We are also playing a bigger role in environmental awareness. As a property developer, we can show this determination through our projects, specifically in our Garden Office at Encorp Strand that is incorporating various sustainability elements in its design.

MOVING FORWARD: ENCORP IN EXPANSION MODE

These are exciting times for Encorp. The improving economic environment has been a major boost for us to put our foot on the accelerator, and we remain upbeat on our prospects based on positive indicators in the Malaysian economy. The year 2010 saw the country's GDP growth outperforming expectations by expanding 7.2% from a contraction of 1.7% in 2009. This is a remarkable achievement and demonstrates Malaysia's tenacity in bouncing back from adversity. Given this background, Encorp is ever ready to play a big role in the country's economic development, especially in the Nation's projects under the Government Transformation Programme and Economic Transformation Programme. We are confident that we have the expertise and experience to capitalise on opportunities presented in various regional development plans in the country's growth corridors.

Within the Group, we are eager to launch other key components of Encorp Strand and new phases of residences at Cahaya Alam in 2011. Encouraging sales generated from these flagship projects are just the beginning of an exciting time ahead of us as we move towards further expansion with new project launches. Today, we have a portfolio of projects worth about RM3 billion, which will keep the Company pushing forward.

The Group's property development is expanding from its current signature projects, Encorp Strand and Encorp Cahaya Alam. A portfolio of new projects is in the pipeline for launch in 2011 and beyond. These include hillside villas in Batu Feringghi, Penang, and a condominium in Puteri Harbour, Nusajaya. We are optimistic of the positive signs of economic recovery, and we want to capitalise on these opportunities. We are also actively looking to expand our existing land bank in strategic locations.

Encorp is not limiting its playing field just to Malaysia. In our first foray out of Malaysia, Encorp is embarking on an exclusive residential project in Perth, Australia. The project, being undertaken by Encorp's newly incorporated Australian subsidiary, Encorp Development Pty Ltd, is a proposed apartment development in Victoria Park comprising just 28 units overlooking Swan River and with a stunning view of Perth's beautiful city skyline. It comes with utmost exclusivity, security and privacy, and is just minutes to the city. This project also comes with the advantage of its highly strategic location in the inner southeastern suburb of Perth, with Victoria Park being the eastern gateway to Perth's central business district. We expect to commence construction in 2011 and target to complete within 14 months.

ACKNOWLEDGEMENT

None of our successes would have been possible without the support of our shareholders, customers, business partners and the Government. For this, I thank you for another year of support, belief and trust in us. We are extremely proud to have you ride this journey with us, in which we foresee will unveil exciting experiences.

I would also like to extend my deepest appreciation and thanks to the Management and staff, who are the engine of growth for the Company. Your dedication and commitment, through good and challenging times, have helped us grow into what we are today. To my fellow Board members, thank you for your direction, advice and support. Your vast experiences have been the keystone to our strength.

The Encorp Experience is being redefined today, and I am confident that with our sound business strategy, this experience will provide the value that all our stakeholders seek and deserve.

Thank you.

Yours Sincerely,

YB SEN. DATO SRI PROF DR MOHD EFFENDI BIN NORWAWI
Executive Chairman / Group Chief Executive Officer

Talent wins games,
but teamwork and intelligence wins championships.

Michael Jordan - professional basketball player

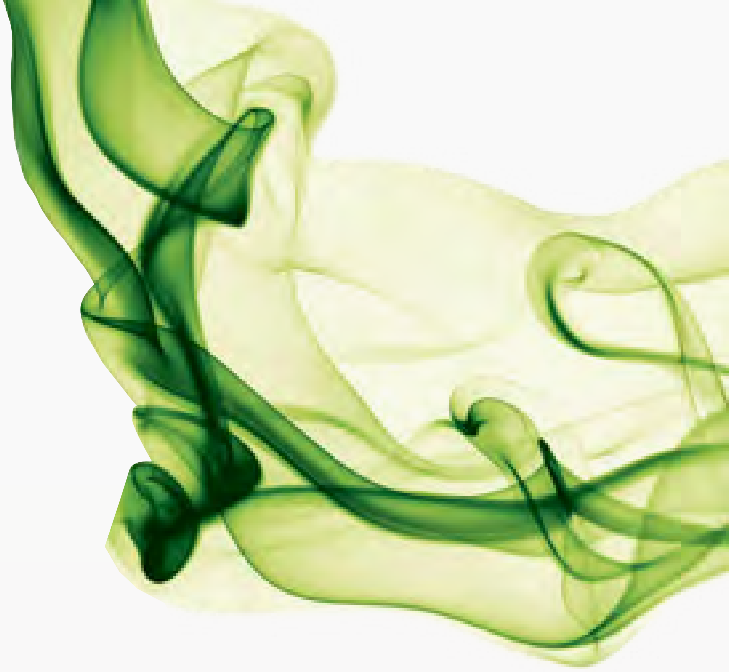
Business Review

Group Financial Highlights

in thousands of RM	2006	2007	2008	2009	2010
Revenue	143,126	328,711	287,510	234,906	269,712
Profit before tax	-119,806	111,324	70,722	35,306	13,652
Profit net of tax	-122,988	77,503	52,858	26,893	11,054
Profit attributable to owners	-124,843	69,301	36,559	20,485	7,486
Total equity attributable to owners	225,733	286,876	294,934	313,429	319,544
Total assets	1,652,358	1,751,948	1,710,078	1,711,070	1,757,676
Total borrowings	1,223,852	1,217,197	1,193,053	1,166,515	1,175,905
Share information					
Earnings per share (Sen)	-55.9%	31.01	16.66	9.57	3.46
Gross dividend per share (Sen)	-	10.00	5.00	5.00	-
Financial ratio					
Return on equity attributable to owners	-55.3%	24.2%	12.4%	6.5%	2.3%
Return on total assets	-7.4%	4.4%	3.1%	1.6%	0.6%
Debt equity ratio	5.4	4.2	4.0	3.7	3.7

The European-inspired mall will perfectly complement the outdoor experience of Red Carpet Boulevard, and is a destination not to be missed especially for families looking to fulfill their daily needs.

The Mall - Encorp Strand Kota Damansara



Group CEO Operations Review

With the turnaround of the property market towards the later part of 2009 spilling over into 2010, clearer signs of economic recovery in Malaysia began to appear from the effects of the global recession. A stronger purchasing environment was evident and Malaysia showed potential as a promising emerging market for foreign investors. This will create more opportunities for developers to launch new projects especially in a larger market. Incentives announced under Budget 2010 for the housing and property industry, such as the new EPF withdrawal scheme for house purchase, were indicators that the government was committed to dealing with the global recession effectively and instilling confidence back into the market.

Government efforts to stimulate the economy, coupled with a combination of government spending, lower inflation and an accommodative monetary policy helped boost domestic demand. In the second half of 2010, the property market showed further vibrancy especially in the residential sector, and property players had started to embark on their respective launches. The signs of growing optimism and confidence amongst consumers and investors were also evident from the positive response to the various property launches.

For the year under review, the Group posted a pre-tax profit of RM13.7 million on the back of revenue of RM269.7 million. Our continuing profitability despite the economy being in recovery mode was an indication of Encorp's prudence in its business decisions and approach during difficult times. The recovery in the property market had hence paved the way for us to move forward more aggressively in our launches, as well as focus on our growth plans. We are excited at the prospects in 2011, where we expect to kick off new projects to complement our existing portfolio.

PROPERTY DEVELOPMENT

During the recovery period of the property market in the first half of 2010, we remained cautious in our decisions to embark aggressively on new launches. As such, our focus was to ensure that our plans were in place and construction timelines adhered to in preparation and anticipation of the market turnaround.

In line with Encorp's underlying commitment to provide unbeatable quality, standards, value and service, we continue to direct our efforts towards innovative design concepts in all our products, which in the past had led to appreciation in property value. We have also started to pay closer attention to the sustainability in our developments by incorporating green features into design of our projects. The push for green building technology and the implementation of the

Green Building Index with tax exemption incentives will encourage more developers to incorporate environmentally and ecologically friendly concepts within its developments, and enable us to be more competitive on a global scale.

Encorp Strand

Winning The Edge-PEPS Value Creation Excellence Award in 2010 was a significant milestone for all of us at Encorp Berhad. It was the beginning of more good things to come as it involved the earliest component at Encorp Strand – the Business Suites. Todate, we have already completed and handed over all 265 units of the Business Suites. These units have seen much capital appreciation since it was first launched for sale, which was the achievement recognised in the award.

Construction of the other components of the Encorp Strand commercial development in Kota Damansara is well underway. In 2010, we officially launched the Garden Office which was 62% sold as at 31 December 2010. Garden Office is an intelligent combination of design and technology that will upgrade the conventions of living, work and leisure. It has been designed with green concepts and features in mind, with rain water conservation for domestic and sprinkler use, natural sun shading through strategic orientation of the building blocks, and sky gardens on all blocks which act as heat insulation during the day. It has also been designed with innovative architectural elements to make it stand out aesthetically and conceptually. The sky gardens on all blocks will be linked by a unique 150-metre Skywalks, with visitors transported to the sky bridge via bubble lifts. With these sustainability elements in its design, Encorp aims to obtain Green Building Index ("GBI") certification for en bloc buyers of Garden Office.

In 2010, we commenced construction of the Red Carpet Boulevard, which was completed within the scheduled 9 months. Poised to be the centre of attraction at Encorp Strand, the iconic Red Carpet is equipped with facilities such as state-of-the-art sound system, specially designed lighting and fibre-optic cables which have been seamlessly embedded for a complete 'plug & play' experience for those who wish to hold local and international events such as performances, film premiers, fashion shows, product launches as well as music and cultural festivals. The climate controlled Red Carpet Boulevard is 800 feet long by 90 feet wide, one of the longest of its kind ever built in the Klang Valley. It is also equipped with high speed broadband infrastructure, offering free Wi-Fi access to its visitors. The 52 F&B units at Red Carpet range from 868 square feet to 2,660 square feet. We expect to have a grand launch for Red Carpet Boulevard in September 2011, where our F&B outlets will be fully operational.

Construction of our shopping mall is well underway following the completion of the sub-structure. We expect to open this new exciting destination to the public in 2013. The European-inspired mall will perfectly complement the outdoor experience of Red Carpet Boulevard and is a destination not to be missed especially for families looking to fulfill their daily needs. In 2010, we enhanced the façade design of the Mall to create a more modern and contemporary outlook, as well as revamped the overall retail layout plan to improve its functionality and overall experience. The mall is being built solely with the customer in mind and will offer an exceptional new experience in terms of ambience, convenience, excellent services, friendliness and safety, to ensure that it caters to the needs and high expectations of our target market. In 2010, we secured anchor tenants for the shopping mall – a cinema, supermarket and fitness centre – clearly demonstrating the confidence from our stakeholders in the potential of Encorp Strand in the future.

For the Residences, which will be built above the shopping mall, designs have been selected which will translate into an iconic and modern residential tower, complementing the overall Encorp Strand concept.

IN LINE WITH ENCORP'S UNDERLYING COMMITMENT TO PROVIDE UNBEATABLE QUALITY, VALUE, STANDARDS AND SERVICE, WE CONTINUE TO DIRECT OUR EFFORTS TOWARDS INNOVATIVE DESIGN CONCEPTS IN ALL OUR PRODUCTS, WHICH IN THE PAST HAD LED TO APPRECIATION IN PROPERTY VALUE.

We expect a lot of interest in the Residences from our target market when we launch it in 2011. The Residences will be the icing on the cake, completing Encorp Strand's experience in living, dining, shopping and entertainment.

Encorp Cahaya Alam

We had recorded impressive sales at two of Encorp's Cahaya Alam projects in Shah Alam that were officially launched in 2010. After the success of the 2-storey Courtyard Terrace Camellia homes, we officially launched Camellia 2 and recorded 100% in sales with all 70 units sold. Phase 1 and 2 of Magnolia shop lots were officially launched at the end of October with more than 50% sold in 2010, with all the non-bumi lots fully taken up.

In November, we launched the first phase of Frangipani, a 2½-storey unique multi-façade home, in a pre-launch in mid-November. All 40 units have been fully sold.

With a gross built-up area of 2,500 square feet, Frangipani homes are designed in pairs, with six different façades and roof forms that create a varied architectural streetscape. They are essentially a classic representation of Encorp Cahaya Alam's strength in offering breakthrough innovative designs and high quality homes to change family life experiences. A large linear recreational park covering a total of 1.8 acres complements the all-important family-oriented environment. The park comes equipped with a futsal field, playground, BBQ pits, walk-ways, jogging tracks and relaxation cabanas, while a private cul-de-sac limits traffic volume and ensures privacy for each row.

At present, 49.2 acres of Encorp Cahaya Alam of the total 209.7 acres has already been developed. Of this, more than 30% is completed, fully sold and occupied. We are proud to say that all our buyers at Encorp Cahaya Alam have been happy with the quality of our homes, which have enjoyed good capital appreciation as seen in previous phases. A new masterplan is currently being designed to further enhance the appeal of Encorp Cahaya Alam which will epitomise the complete quality family environment.

CONSTRUCTION MANAGEMENT

The increase in revenue for the Group was also attributed to the positive progress in Encorp's Construction Division, Encorp Construct Sdn Bhd. Under the 9th Malaysia Plan, the Ministry of Education awarded to Encorp a RM150 million contract to construct, upgrade and refurbish 11 schools and hostels in Sri Aman, Kuching and Bintulu, Sarawak, under three Packages. In 2010, Encorp exceeded expectations by completing five of these schools ahead of schedule.

The significant achievements of the Sarawak Schools Project are a testament to the service and quality in the delivery of all our projects. It is also our commitment to help enhance educational placements in the country, and an indication of the confidence that the Government has in Encorp in delivering value to the education sector through these projects. Encorp will continue to pursue projects that have an impact on the surrounding communities and the country as a whole.

IRCON International Limited of India in 2009 awarded Encorp a contract to undertake a RM130 million Electrified Double Rail Track Project, which includes the construction, commissioning and maintenance of stations from Seremban to Gemas in Negeri Sembilan. The progress of this project is ahead of schedule, with 27% already completed to-date. During the year, we completed works comprising the main station building, secondary building, ticketing hall, platform and installation of mechanical & electrical items. We expect to complete this project in 2012.

With the construction industry expecting to experience robust growth through the residential and commercial property subsector as well as the development of growth corridors, our Construction Division is focused on expanding its operations by capitalising on these opportunities. We are also strengthening our competitiveness and profitability by implementing value engineering in our projects as well as using the latest technology to track project management and delivery progress. We have also implemented QLASSIC (Quality Assessment System In Construction) standards in all our projects to ensure that quality is never compromised.

Through our Construction Division, Encorp will continue to target new projects particularly those associated with the Government's NKEA and GTP projects. In staying ahead of the pack in terms of quality and innovation, we are also looking at implementing advanced methods in construction for better cost efficiency, as well as the latest technology in Industrialised Building System (IBS).

BUILDING NEW CAPABILITIES: IMPROVING PROCESSES & SYSTEMS

As we transform ourselves from being a good company to a great company, we are committed to our aspiration of creating an organisation of happy, highly motivated well trained staff whose aim is to deliver unbeatable quality, standards, value and services. To help us move forward in being a leading player in the industry with this foundation, we continued our initiatives to improve our processes and systems.

An important initiative which we undertook in 2010 was our Customer Relationship Management ("CRM") programme to improve our customer interaction experiences. Our CRM journey now continues with the goal of delivering the Encorp Experience at every touch point of our customer interaction.

We have also undertaken steps to strengthen our human resources capabilities. In 2010, with the help of consultants to conduct detailed analyses, we studied how we engaged with each other in the company, and benchmarked ourselves against some of the best in the industry. With the knowledge of where we currently stand, we are now better equipped to improve career opportunities and to position ourselves as an employer of choice. Our ultimate goal is to ensure that we attract, develop, motivate and retain talented people with high performing potential.

To date, 49.2 acres of Encorp Cahaya Alam have already been developed, more than 30% of which is completed, fully sold and occupied.

LOOKING AHEAD: 2011

The future is certainly looking bright for the property industry, and Encorp is ready to ride the impending growth wave. While our existing projects at Encorp Strand and Encorp Cahaya Alam are progressing with accelerated pace, we are also preparing ourselves for further expansion through exciting new projects.

In Batu Feringghi, a high-end, Mediterranean-style residential project is in the making. This project will take innovation at Encorp to a new level, and we look forward to launching it in the near future. Further south, in Nusajaya, Johor, Encorp will be launching a new commercial and serviced apartment project at Puteri Harbour. This plan follows the completion of purchase of a 3.3-acre piece of land in Nusajaya from UEM Land in 2010 to capitalise on the potential boost of activity in the area which will eventually support the sales of this new project. Iskandar is a region full of opportunities, with its commercial elements expected to be completed in 2012.

With the Malaysian economy projecting to expand between 5% - 6% in 2011 driven mainly by domestic demand, we foresee a favourable 2011 where the country's strong economic fundamentals will continue to propel growth. With plans to implement private sector projects under the National Key Economic Areas, we are optimistic on capitalising on more opportunities to strengthen our position in the industry.

Encorp's Good to Great mission will continue to be our source of direction, with QSVS as our foundation. Our current flagship projects as well as projects undertaken by our construction division have seen steady progress. We are well prepared for expansion within our existing projects as well as new ones, which will signify a new phase of growth.

YB SEN. DATO SRI PROF DR MOHD EFFENDI BIN NORWAWI
Group Chief Executive Officer

The Residences will be the icing on the cake, completing Encorp Strand's experience in living, dining, shopping and entertainment.

Residences - Encorp Strand Kota Damansara

Calendar of Significant Events

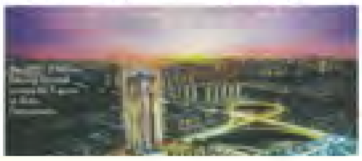
19 January 10	**ISO CERTIFICATION** Encorp's subsidiary, Encorp Must Sdn Bhd received ISO 9001:2008 certification. Its other subsidiary Encorp Construct Sdn Bhd upgraded its certification from ISO 9001:2000 to ISO 9001:2008.
5 February 10	**NEW SUBSIDIARY IN AUSTRALIA** Encorp announced that it has incorporated a new wholly-owned subsidiary known as Encorp Development Pty Ltd in Australia.
12 February 10	**NEW SUBSIDIARY** Encorp announced that Encorp Must Sdn Bhd has incorporated a new wholly owned subsidiary known as Encorp Iskandar Development Sdn Bhd.
13 – 14 March 10	**LAUNCHING OF CAMELLIA 2** Encorp launched its residential parcel of Encorp Cahaya Alam, Camellia 2 to wonderful response from the public.
19 – 21 March 10	**ENCORP PARTICIPATED IN MALAYSIA PROPERTY EXPO** Encorp was among the developers that participated at the MAPEX held at Mid Valley Exhibition Centre for 3 days.
21 April 10	**ENCORP ANNOUNCED AUDITED ACCOUNTS YEAR 2009** Encorp announced its audited year end 2009 Profit Before Tax as RM35.31 million.

22 April 10	**SIGNING OF SALES AND PURCHASE AGREEMENT WITH UEM LAND BERHAD** Encorp acquired a commercial land parcel in Puteri Harbour, Nusajaya, measuring approximately 3.3 acres valued at about RM25.9 million.
19 May 10	**ENCORP ANNOUNCED 1ST QUARTER 2010 RESULTS** Encorp posted its first quarter of 2010 results with a Profit Before Tax of RM0.77 million.
19 May 10	**DIVIDEND DECLARED** Encorp declared a single tier final dividend of 5% for the financial year ended 31 December 2009 to all shareholders.
22 May 10	**ENCORP'S ANNUAL DINNER** An inaugural gathering held for the staff under the Encorp Group umbrella held at Sunway Hotel.
27 May & 2 June 10	**ENCORP'S MOVIE NITE** Encorp organised a 2-day Movie Night, the premiere of "Prince of Persia" with Encorp's corporate guests held at the Platinum Suite, Cathay Cinema, e-Curve.
29 May 10	**DONATION FOR THE RELAY OF LIFE 2010** Encorp donated RM10,000 and participated in the Relay of Life 2010 organised by National Cancer Society Malaysia.
17 June 10	**DONATION FOR KITA THE MUSICAL** Encorp continues to support the musical industry by donating RM150,000 to the 1Malaysia effort spearheaded by the Prime Minister's Office.
18 June 10	**LAUNCHING OF GARDEN OFFICE** Encorp launched one of the components of Encorp Strand, Garden Office. A stunning showcase in avant garde living.
23 June 10	**10TH ANNUAL GENERAL MEETING** Encorp held its 10^{th} Annual General Meeting at Pullman Kuching, Sarawak. All resolutions were duly approved by the Shareholders of the Company.
23 July 10	**SOFT LAUNCH OF MAGNOLIA** Encorp Cahaya Alam's commercial parcel, Magnolia (Phase 1) was soft launched. Magnolia (Phase 1) consists of 36 units 2 and 3 storey shop offices.
31 July 10	**BLOOD DONATION DRIVE** Encorp supports Hai-O's blood donation drive and their effort to be recognised in the Malaysian Book of Records with the most women blood donors in a day, 849 female donors.
18 August 10	**ENCORP REPORTED 2ND QUARTER 2010 RESULTS** Encorp recorded a Profit Before Tax of RM1.28 million for the 2^{nd} quarter of 2010 during its Board of Directors' meeting.
24 August 10	**CONTRIBUTION FOR MALAM SENTUHAN KASIH DI RAJA** Encorp contributed RM30,000 to the Malam Sentuhan Kasih Di Raja Nur Ramadhan charity dinner.
7 October 10	**ENCORP ANNOUNCED WINNER OF THE EDGE-PEPS VALUE CREATION AWARDS 2010** Encorp's development, Encorp Strand, in Kota Damansara emerged as the winner of the inaugural award.
9 – 10 October 10	**ENCORP AT SMART INVESTMENT & INTERNATIONAL PROPERTY EXPO** Encorp participated in the SMART Investment & International Property Expo held in SUNTEC Singapore International Exhibition & Convention Centre.

22 – 27 October 10	**APPRECIATION DINNER** In conjunction with the Malaysia International Gourmet Festival, Encorp hosted a series of dinners as an appreciation to our business partners and media.
29 October 10	**DONATION TO MALAYSIAN RETAILER CHAINS ASSOCIATION (MRCA)** Encorp donated RM20,000 to the Malaysian Retailers Chains Association ("MRCA") 18th Anniversary & Awards Banquet held at Sunway Resort Hotel and Spa.
30 October 10	**OFFICIAL LAUNCH OF MAGNOLIA** Following the overwhelming public response from the earlier soft launch, Encorp launched Magnolia. Magnolia comprises 70 units of 2 & 3-storey shop offices.
5 – 7 November 10	**AID TO KEDAH FLOOD VICTIMS** Eight volunteers from Encorp sacrificed their long Deepavali weekend driving up north to Kedah to distribute items sponsored by Encorp.
13 November 10	**SOFT LAUNCH OF FRANGIPANI** Encorp Cahaya Alam soft launched Frangipani (Phase 1) comprises 40 units out of the total 140 units of its 2 ½ storey multi façade homes.
14 November 10	**DONATION FOR PERLIS FLOOD VICTIMS** Encorp donates RM30,000 to Perlis' victim spearheaded by Yayasan Tuanku Syed Putra.
19 November 10	**ENCORP ANNOUNCED 3RD QUARTER 2010 RESULTS** Encorp garners a Profit Before Tax of RM9.01 million in its 3rd quarter 2010 financial result.
19 – 21 November 10	**ENCORP AT THE STAR PROPERTY FAIR** Encorp participated at The Star Property Fair, Themed Stylish Living, held at Exhibition Halls 4 and 5 of the Kuala Lumpur Convention Centre.
27 November 10	**GO GREEN CSR CAMPAIGN** Encorp initiated a Go Green CSR campaign to educate the younger generation on the importance of environment care, by providing a platform to express their ideas and vision through a drawing and colouring contest.
10 December 10	**SARAWAK SCHOOL PROJECT – HAND OVER OF KEYS** Encorp Construct Sdn Bhd handed over the keys and Occupation Permit ("OP") to the headmasters of following Sarawak Schools:- • SK Tanjung Bijat • SK Gran Stumbin
21 December 10	**ENCORP SUPPORTS LOCAL SPORTSMAN** Encorp continues to support our local sportsman, Mohd Azlan Iskandar, Malaysia's top squash male talent with a sponsorship of RM40,000.

Encorp In The News

Going for concepts and superior value



BizPeople

Agreement sealed ... UEM Land Holding Bhd MD/CEO Datuk Wan Abdullah Wan Ibrahim (2nd from left) exchanging documents with Encorp Bhd executive chairman Datuk Seri Mohd Effendi Norwawi. With them are UEM Group Bhd chairman Tan Sri Dr Ahmad Tajuddin Ali (centre), UEM Group MD/CEO Datuk Mohd Izzaddin Idris (left) and Encorp executive director Datuk Ramli Shamsudin. The agreement signed on Thursday in Kuala Lumpur is for Encorp Iskandar Development Sdn Bhd's purchase of a commercial land parcel in Puteri Harbour, Nusajaya.

Property Phased-in

Garden adds more than value to Encorp Strand

Garden Office@ Encorp Strand

HARTANAH kotaraya

Hidup selesa di Cahaya Alam

Encorp proposes to raise RM134mil

Aiming to be in top 10 by 2013

Property Trends

By Lim Lay Ying

Encorp Strand to have experiential draw

The Red Carpet Boulevard is also equipped with high speed broadband infrastructure, offering free Wi-Fi access to its visitors.

Red Carpet Boulevard - Encorp Strand Kota Damansara

Encorp's Good to Great mission will continue to be our source of direction, with QSVS as our foundation.

Here is a simple but powerful rule – always give people more than what they expect to get.

Nelson Boswell - author

Accountability

Corporate Responsibility

Corporate Responsibility ("CR") has become an increasingly important subject matter over the years, especially since there is greater realisation among corporations that businesses are more than just profits. Today, CR goes beyond social obligations because we have a responsibility to all our stakeholders. While at Encorp we have been consistently undertaking CR efforts, we have also started to strengthen our focus beyond social obligations.

At Encorp, making a difference to our community is an important part of our overall vision. Fully realising that we have to be more than just a growing, profitable and well-run organisation, we have invested in our resources substantially to achieve this goal. We believe that our Good to Great ("G2G") credo is our guide to not just achieving success within the organisation, but also in our efforts in corporate responsibility. This means that a corporate responsibility mind set starts with our employees, and by offering products that are Anything But Ordinary.

MARKETPLACE

Encorp is committed to ensuring the highest standards of corporate governance, and maintains a proper framework to ensure that our business is run in an efficient and transparent manner in the interest of all its stakeholders. Our commitment to these best practices is also underlined by the leadership of our Board of Directors who come from diverse professional backgrounds with extensive experience.

Ensuring that our business is conducted in a fair, transparent, sustainable and professional manner, Encorp is focused on delivering products of quality, providing up-to-date information for sound investment decisions, and being customer focused.

Quality Management

In our pursuit of excellence through QSVS, Encorp emphasises on providing innovative products and services with the highest standards of quality in the business of project management on construction and property development. Our emphasis on quality also stems from our strict guidelines on selection of business partners, designers and architects for all our projects.

Frangipani homes are designed in pairs, with six different façades and roof forms that create a varied architectural streetscape. They are essentially a classic representation of Encorp Cahaya Alam's strength in offering breakthrough innovative designs and high quality homes to change family life experiences.

In all its activities, Encorp is committed to comply with world-class standards of quality and to continuously improve the effectiveness of our ISO 9001:2008 quality management system, to ensure that we create sustainable value for our stakeholders. In 2010, Encorp has also Implemented QLASSIC (Quality Assessment System In Construction) standards in all its projects.

Encorp is also an advocate of Industrialised Building Systems ("IBS") technology in construction both locally and internationally, in ensuring consistent workmanship and high quality finishes, superior structural performance, reliability, durability, cost efficiency and in promoting local products and materials.

Investor Relations

In our quest of establishing ourselves as an investment of choice, Encorp keeps investors regularly informed of company information via its website, as well as presentations to analysts. Financial information and results are disseminated via press releases to business media to insure that open and transparent communication is practiced for the benefit of the investing community. Corporate information is also regularly updated to ensure up-to-date information is communicated to potential investing partners.

Customer Relationship Management

In its ever increasing commitment to providing the best customer service experience to all stakeholders, Encorp implemented its first Customer Relationship Management ("CRM") programme in 2010, with the aim of providing best-in-class service for all of Encorp's customers. All Heads of Department have been entrusted to champion the customer experience initiatives within Encorp.

During the year, we embarked on the first phase of our CRM programme, which included analysis of current practices, identifying gaps and solutions to achieve key processes, and establishing a CRM roadmap for Encorp to achieve optimum customer experience.

WORKPLACE

At Encorp, our vision is to be an organisation of happy, highly motivated well-trained staff whose aim is to deliver unbeatable quality, standards, value and services in everything that we do, and to make a difference to our community. Our employees are guided by our core values – being ethical, developing relationships among employees and customers, success in everything we do and focusing on continuous learning. In 2010, Encorp engaged with leading global consultants Aon Hewitt to undertake an employee engagement analysis, where surveys were conducted and benchmarked against top companies as well as industry best practices. The exercise was towards our goal of creating an environment of effective and efficient supporting systems that will enable Encorp secure, develop, motivate and retain talented employees with high leadership potential.

Recognition

Towards its goal of being an Employer of Choice, Encorp stresses on the importance of employee recognition through initiatives in the workplace such as monthly awards (Star of the Month), employee development initiatives (Lunch Talk series), extension of benefits to employees' children (recognition of employees' children who excel in major examinations), and additional staff benefits such as discounts on Encorp property.

Training & Development

Encorp also ensures that all staff are highly trained and that we are a continuously learning organisation. The Company strives to bring out the best of its employees by providing growth and progression opportunities for employees through comprehensive in-house and external trainings, health and safety programmes as well as internship and industrial training.

Encorp's commitment to human capital development was underlined by the substantial increase in average training hours per employee, from 16.6 hours in 2009 to 38 hours in 2010, or a 129% increase. During the year, we had also reduced the average cost-per-hour for employee training by 55% from RM39 in 2009 to RM 17.50 in 2010. This is due to the increase in in-house training sessions as well as training by internal speakers.

Work Environment

As employees are also viewed as internal customers, Encorp ensures that the workplace remains conducive, which helps to balance the needs and desires of each employee with the needs and capacity of the business. Regular consultation with employees is held on workplace issues that may have an impact on their welfare and productivity. As a matter of best practice, consideration is given to the value that consultation could add to any business decision making.

In inculcating a healthy lifestyle and work environment amongst employees, Encorp also built its very own fully-equipped gymnasium in its office, with a personal trainer.

Volunteerism

Encorp has created a corporate responsibility mind set within the organisation, which has enabled us to work together as one family to contribute to the community. Our employees have regularly been involved, even on a purely voluntary basis, in initiatives involving the community. This is a result of both personal as well as the company commitments to establishing the best possible work environment. In 2010, Encorp employees volunteered to assist in the disaster relief efforts for the Kedah flood victims.

COMMUNITY

As an organisation with its business deeply rooted in the community that it serves, Encorp has been consistently aware of its social obligations to the community and remains fully committed to this cause. Encorp feels privileged to have been able to support communities in need and make a difference in their lives, either through new schools, more books, better homes and improved lifestyles.

The recent increasing number of natural disasters had served as a reminder for Encorp that everyone has a role to play in the name of humanity. In 2010, Encorp decided to cast its net even further by helping communities beyond Malaysian shores, especially in the wake of these life-changing events. The Group decided to take up the challenge of rebuilding and refurbishing two earthquake-hit mosques in Padang that were badly damaged in the previous year's incident. Over the course of 2010, Encorp engaged in discussions and made several trips to Padang. Reconstruction work on the two mosques had been completed over a 7-month period, where Encorp's contribution amounted to a total of RM500,000. The efforts were a commitment to not just rebuilding two structures, but more importantly the rebuilding of communities and livelihoods.

As part of its social responsibilities, Encorp continued to play its part in charitable causes in the areas of health, sports, arts and culture as well as underprivileged support. Among the activities throughout 2010 included, among others:

- Annual sponsorship of RM40,000 for Malaysian top male squash talent, Azlan Iskandar
- Donation of RM10,000 for the Relay for Life organised by National Cancer Society Malaysia
- Donation of RM150,000 for Kita The Musical, in support of the musical industry to the 1Malaysia effort spearheaded by the Prime Minister's office
- Support for the Hai-O blood donation drive and their efforts in being recognised in the Malaysian Book of Records with the most women blood donors in a day (849 female donors)
- Contribution of RM30,000 to the Malam Sentuhan Kasih Di Raja Nur Ramadhan charity dinner
- Donation of RM20,000 in conjunction with the Malaysian Retailer Chains Association ("MRCA") 18th Anniversary & Awards Banquet
- Donation of RM30,000 for flood victims in Perlis via Yayasan Tuanku Syed Putra

ENVIRONMENT

Encorp's approach to environmental practices is geared towards enriching the quality of life and delivering sustainable value to the environment and community. High priority is given to passive environmental strategies, such as optimisation of natural ventilation and solar shading, while a low carbon approach is adopted in construction and operation with holistic consideration of the resource loops of energy, material, water and land. We are constantly reminded of the looming concerns on climate change and global warming, and consequently the urgent need for everyone to address the issue of environmental sustainability.

Our projects involve our responsibility in delivering products and services that will have an impact on their living environments. Our new product offerings will also be used to serve the community in terms of better environmental consciousness and standards. This will include offering more products with innovative concepts and designs at the best value possible.

Our Garden Office at Encorp Strand has been designed with green concepts and features in mind, with rain water conservation for domestic and sprinkler use, natural sun shading through strategic orientation of the building blocks, and sky gardens on all blocks which act as heat insulation during the day. Encorp also aims to obtain Green Building Index ("GBI") certification for en bloc buyers of Garden Office.

In addressing the challenges within the property and construction industries, Encorp has established the following guidelines in an effort to promote sustainable development, aside from conforming to environmental requirements set by the authorities:

In Property Development:

- Ensuring sufficient flood mitigation measures
- Providing sufficient silt and debris traps
- Turfing of exposed slopes to minimise erosion at construction sites
- On-going water quality monitoring at sites
- Development of an Environmental Management Plan for larger project sites and submission of reports to the Department of Environment on a monthly basis
- Landscaped green areas within each development

In Construction Management

Environmental impact considerations at Encorp's Industrialised Building Systems ("IBS") construction sites address the following:

- Controlled earthworks with minimal land exposure
- Compliance to Environmental Impact Assessment requirements and procedures
- Minimising wet trades which reduces involvement with environmentally hazardous materials such as cement, quick lime, mould oil, asbestos etc
- Effective stock-taking to ensure minimal wastage of building materials
- No on-site burning and proper disposal of waste materials to approved dump yards
- Minimal workmen employed on-site with proper site accommodation provided
- Construction and demolition waste management
- Usage of environmentally-friendly construction material on-site, such as using timber-based block out for service ducts instead of polystyrene
- Compliance with all regulatory requirements and Environment Protection and Safety, the Environmental Management Plan and ISO 1400I
- Promoting a safe and clean construction site

In 2010, Encorp decided to initiate a small environmental education programme. The 'Go Green' Campaign was organised at the Encorp Cahaya Alam development through a drawing and colouring competition, with the aim of educating the crucial young generation on the importance of environmental care. Encorp is committed to creating further awareness through education on environmental awareness.

THE FUTURE

We have always had an interest in developing the community around us. As property developers, our ultimate goal is that we deliver the best products for our customers so that they have the best quality of life. We do this by selling our homes to buyers at the fairest value, and at the best service and quality. By doing this, we can be assured that our work is contributing and making a difference to someone's life in the community, which serves as our higher purpose.

For the marketplace, workplace, environment and community, our goal is to adopt similar principles. What the future holds for us will depend on how much we play our part today. Encorp is ready to undertake the challenge of greater responsibility in the pursuit of better lives that all our stakeholders deserve.

In anticipation of Bursa Malaysia's introduction of the Sustainability Index in accordance with the four key areas or marketplace, workplace, environment and community, Encorp will, under the guidance of the Board, endeavour to adopt sustainability practices in its business operations, and monitor its performance accordingly.

We also have plans to strengthen our engagement with our stakeholders for 2011. These include investors, customers, media and government, where for each we have a strategic plan in place to ensure that our stakeholders are fully aware of developments within the company and that we work together for mutually beneficial outcomes.

A uniquely planned internal layout, ergonomically suited for all the comforts of today's families with distinctive AV room overlooking the lakeside.

Lotus - Encorp Cahaya Alam

Statement of Corporate Governance

The Board of Directors ("the Board") reaffirms its commitment to and supports the recommendations of the Malaysian Code on Corporate Governance ("the Code"). The Board strives to ensure that the highest standards of corporate governance are practised to protect and enhance shareholders' value.

During the financial year under review, the Board continued to adhere to the Principles and Best Practices of the Code including the recent revisions. The Board is pleased to report to the shareholders on its application and measures implemented to strengthen its compliance of the Code in the Statement below.

A. BOARD OF DIRECTORS

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

1. Composition of the Board

As at the date of this Report, the Board consists of eight (8) members comprising:

- Two (2) Executive Directors; and
- Six (6) Non-Executive Directors of whom four (4) are independent.

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

2. Board Balance

The roles of the Executive Chairman and the Chief Executive Officer ("CEO") are combined and held by YB Sen. Dato Sri Prof Dr Mohd Effendi Bin Norwawi as he possesses the intimate knowledge and experience in the core business activities of the Group as well as the strategy, operations and financial condition and, in turn, the ability to communicate that to external stakeholders.

While the Board recognises the best practice of separating roles and responsibilities of Executive Chairman and CEO, the Board believes the presence of four (4) independent directors out of eight (8) board members balances the combined roles of the Executive Chairman and CEO.

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

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

3. Board Meetings

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

Minutes of all Board meetings are properly recorded in substantial detail and length, including issues discussed in arriving at decisions. This is in line with the Best Practices under Part 2 of the Code.

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

Name of Director	No. of Meetings Attended	Attendance (%)
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	5/5	100
Efeida binti Mohd Effendi	3/5	60
Dato' Chew Kong Seng @ Chew Kong Huat	5/5	100
Datuk Fong Joo Chung	5/5	100
Datuk (Dr) Philip Ting Ding Ing	4/5	80
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)	3/5	60
Datuk Ramli bin Shamsudin	5/5	100
Dato' Marcus Kam Kok Fei	5/5	100
Datuk Dr Md Hamzah bin Md Kassim	4/5	80
Yeoh Soo Ann (resigned on 30 September 2010)	3/4	75

4. Supply of Information

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

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

All Directors have full and unrestricted access to the senior management within the Group and are entitled to the advice and services of the Company Secretary. Further, Directors may obtain independent professional advice relating to the affairs of the Group where necessary at the Company's expense, in order for them to discharge their responsibilities. In line with the recommendations of the Code, the Board adopted policies and procedures to be taken by a Director before he seeks such independent professional advice.

5. Duties and Responsibilities of the Board

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

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

6. Appointment and Re-Election of Directors

The Nomination Committee recommends suitable candidates for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members.

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

Details of Directors seeking re-election at the forthcoming AGM are disclosed in the Statement Accompanying the Notice of AGM in this Report.

7. Committees Established by the Board

To assist the Board to carry out its duties and responsibilities, the Board has delegated certain functions to the following committees comprising selected members of the Board. Each committee operates within clearly defined terms of reference and makes appropriate recommendations to the Board for decisions on matters deliberated by the committee.

a. Audit Committee

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

The members of the Audit Committee are:

Name	Designation	Directorship
Dato' Chew Kong Seng @ Chew Kong Huat (appointed on 1 October 2010)	Chairman	Senior Independent, Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing (resigned on 1 October 2010)	Chairman	Non-Independent, Non-Executive Director
Datuk Fong Joo Chung (appointed on 1 October 2010)	Member	Independent, Non-Executive Director
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)	Member	Independent, Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing (appointed on 9 May 2011)	Member	Non-Independent, Non-Executive Director

In line with Part 2 of the Code, all members of the Audit Committee are Non-Executive Directors and two (2) meetings were held with the external auditors without the presence of Executive board members for the financial year under review.

The terms of reference of the Audit Committee and summary of activities for the financial year under review are reported on pages 73 to 77.

b. Nomination Committee

The members of the Nomination Committee are:

Name	Designation	Directorship
Datuk (Dr) Philip Ting Ding Ing (appointed on 9 May 2011)	Chairman	Non-Independent, Non-Executive Director
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)	Chairman	Independent, Non-Executive Director
Datuk Fong Joo Chung	Member	Independent, Non-Executive Director
Dato' Chew Kong Seng @ Chew Kong Huat (appointed on 1 October 2010)	Member	Senior Independent, Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing (resigned on 1 October 2010)	Member	Non-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 Chief Executive Officer, Executive Directors and Senior Management reporting to the Group Chief Executive Officer;
- to assess the effectiveness of the Board as a whole including its size, composition and contribution of each individual director; and
- to ensure an appropriate framework and plan for succession of the Board and Senior Management.

In line with Part 2 of the Code, the Board implemented an evaluation process, which was carried out by the Nomination Committee for assessing the effectiveness and competencies of the Board as a whole. Such implementation ensures a balanced Board effective in overseeing and providing guidance towards proper management and development of the Company which will, in turn, protect and enhance shareholders' value over the long term.

c. Remuneration Committee

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

The members of the Remuneration Committee are:

Name	Designation	Directorship
Datuk Fong Joo Chung	Chairman	Independent, Non-Executive Director
Efeida Binti Mohd Effendi	Member	Non-Independent, Executive Director
Dato' Chew Kong Seng @ Chew Kong Huat	Member	Senior Independent, Non-Executive Director

8. Directors' Training

The Directors constantly participate in training programmes, seminars and conferences to keep themselves abreast with changes and new developments, both in the legal and commercial aspects. Some of the programmes and courses attended by the Directors during the financial year under review include the following:

- Malaysian Companies vs European/Asian Companies;
- Ernst & Young Budget Update Seminar;
- Corporate Responsibility Practices in the Context of the Market Place;
- Going Forward: Risk and Reform - Implications for Audit Committee Oversight;
- Competency as the Backbone of Transformation;
- Banking Insights;
- Corporate Governance Week: Roundtable - Towards Corporate Governance Excellence;
- Corporate Governance Week: Independent Directors - Actual vs Perceived Independence; and
- Risk Management - Things Can Still Go Wrong.

B. DIRECTORS' REMUNERATION

Policies and Procedures

The Remuneration Committee recommends the remuneration package for the Executive Directors to the Board for approval. The Executive Directors abstain from deliberation and voting on decisions in respect of their own remuneration.

Directors are paid yearly fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the Non-Executive Directors for each Board or committee meeting they attend.

The aggregate remuneration of Directors for the financial year ended 31 December 2010 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries / Allowances & Other Emoluments	2,508,803	26,500
Fees	90,000	279,000
Defined contribution plan	205,694	-
Estimated money value of benefits-in-kind	158,005	-
Total	2,962,502	305,500

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

Range of Remuneration	Executive Directors	Non-Executive Directors
BELOW RM50,000	-	2
RM50,001 – RM150,000	1	4
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	2	-
ABOVE RM350,000	2	-

C. SHAREHOLDERS

Communication with Shareholders and Investors

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

Annual General Meeting (AGM)

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

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

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

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit Committee. The Group's Statement on Internal Control is set out on pages 76 to 77.

Whistle Blowing Policy

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

Relationship with External Auditor

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

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

Utilisation of Proceeds

RM25.0 million out of the total proceeds raised from the Company's disposal of its associate company in January 2007 has been allocated for the purpose of acquiring additional landbank for future development projects to expand its core business of property development. As at to date, the entire RM25 million has been fully utilised for the proposed development of the Section U10, Shah Alam project as well as acquisition of landbanks situated in Penang and Johor Bahru for purpose of future development.

Share Buy-Back

During the financial year, the Company repurchased 165,000 of its issued ordinary shares from the open market at an average price of RM0.99 per share. The total consideration paid for the repurchase including transaction costs was RM163,032. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company reissued 5,042,000 treasury shares by resale in the open market. The average resale price of the treasury shares was RM1.05 per share. The proceeds from the resale will be utilised for working capital.

As per the record of Depositors as at 21 April 2011, the Company held as treasury shares a total of 5,386,000 of its 223,508,536 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,559,005.

Options or Convertible Securities

During the financial year under review, the Company did not issue any options or convertible securities.

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

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

Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

Non-Audit Fees

During the financial year under review, non-audit fees of RM108,600 was incurred for tax compliance and consultancy services rendered by Ernst & Young Tax Consultants Sdn. Bhd.

Variations in Results

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

Profit Guarantee

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

Material Contracts

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

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

The inspiration behind Cahaya Alam was a simple philosophy, to create a serene and tranquil neighbourhood that surpassed all others in sheer quality of family life. The innovation was to blend avant-garde landscaping ideas and breakthrough architectural concepts to bring families together in a safe, beautiful and ecologically sound environment.

Lotus - Encorp Cahaya Alam

Risk Management

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

The risk management team is spearheaded by the Risk Management Committee ("RMC") that reports to the Audit Committee on a quarterly basis in the Audit Committee meetings. The members of RMC are the head of business units as well as head of departments of all functions and principles. RMC meetings are held quarterly to carry out the corporate risk management functions that include identifying particular events or circumstances relevant to the organisation's risks and opportunities, assessing them in terms of likelihood, magnitude of impact and control effectiveness, determining response strategies, and monitoring progress. The committee is supported by the Risk Management Department that coordinates the overall risk management activities within the Group.

The RMC is also supported by the Risk Management Units ("RMU") at the operation level. The members of RMU mainly comprise representatives from operation and support level of various departments. Quarterly RMU meetings and ad-hoc meetings were held by RMU members to deliberate, monitor and implement their respective risks management functions.

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

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit Committee for the financial year ended 31 December 2010.

MEMBERSHIP

Members of the Audit Committee during the financial year ended 31 December 2010 were as follows:

1. Dato' Chew Kong Seng @ Chew Kong Huat
   Chairman (appointed on 1 October 2010)
   Senior Independent, Non-Executive Director

2. Datuk (Dr) Philip Ting Ding Ing
   Chairman (resigned on 1 October 2010)
   Independent, Non-Executive Director (prior to 1 October 2010)

3. Datuk Dr Zainal Aznam Bin Mohd Yusof
   Member
   Independent, Non-Executive Director

4. Datuk Fong Joo Chung
   Member (appointed on 1 October 2010)
   Independent, Non-Executive Director

Following the resignation of Datuk (Dr) Philip Ting Ding Ing as Chairman of the Audit Committee on 1 October 2010 due to his appointment as acting Group Chief Executive Officer of Encorp Berhad, Dato' Chew Kong Seng @ Chew Kong Huat was redesignated from Member to Chairman of the Audit Committee. Datuk Fong Joo Chung was appointed as additional member of the Audit Committee to assist in carrying out the functions of the Audit Committee.

MEETINGS AND ATTENDANCE

The Audit Committee met 5 times during the financial year 2010 at the Board Room, Mezzanine Floor, Encorp Berhad, 45-G, Jalan PJU 5/21, The Strand Encorp, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on the following dates:

Meeting No.	Date
1/2010	25 February 2010
2/2010	21 April 2010
3/2010	19 May 2010
4/2010	18 August 2010
5/2010	19 November 2010

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

Audit Committee Member	Attendance at Meetings	Percentage of Attendance
Dato' Chew Kong Seng @ Chew Kong Huat	5 of 5	100%
Datuk (Dr) Philip Ting Ding Ing *(resigned on 1 October 2010)*	4 of 4	100%
Datuk Dr Zainal Aznam bin Mohd Yusof	3 of 5	60%
Datuk Fong Joo Chung *(appointed on 1 October 2010)*	1 of 1	100%

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

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

TERMS OF REFERENCE OF AUDIT COMMITTEE

Policy

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

Objectives

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

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

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

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

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

Composition of the Audit Committee

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

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

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

(a) a member of the Malaysian Institute of Accountants ("MIA"); or

(b) if he is not a member of MIA, he must have at least three (3) years of working experience and:

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

  ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the Audit Committee. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and Resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

Chairman

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

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

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

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

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

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

Minutes

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

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Quorum

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

Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

(a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

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

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

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

(e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Audit Committee shall promptly report such matter to Bursa Securities.

Duties and Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TRAINING

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

- Ernst & Young Budget Update Seminar;
- Corporate Responsibility Practices in the Context of the Market Place;
- Going Forward: Risk and Reform - Implications for Audit Committee Oversight;
- Competency as the Backbone of Transformation;
- Banking Insights;
- Corporate Governance Week: Roundtable - Towards Corporate Governance Excellence;
- Corporate Governance Week: Independent Directors - Actual vs. Perceived Independence; and
- Risk Management - Things Can Still Go Wrong.

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 2009, 31 March 2010, 30 June 2010 and 30 September 2010 with Management prior to the Board's deliberation and approval for their release to the Bursa Malaysia Securities Berhad.
- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2009 with Management and the external auditors before recommending it to the Board for approval and release to the Bursa Malaysia Securities Berhad.
- 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 Audit Department 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 2010.
- Reviewed and approved the annual internal audit plan for 2011 prepared by the Internal Audit Department.
- Reviewed and approved the updated Internal Audit Charter.
- Reviewed resignation of the Head of Internal Audit and approved the appointment of new Head of Internal Audit.
- Reviewed and recommended to the Board for approval the proposed change in the Terms of Reference of the Nomination and Remuneration Committees.
- Reviewed related party transactions entered into by the Group.
- Discussed the implications of any development or latest changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR

The Group has established an in-house Internal Audit Department to assist the Audit Committee in discharging its duties and responsibilities. Internal Audit Department 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 2010, the major activities carried out by the Internal Audit Department were:

- Developed the annual internal audit plan and submitted that plan to the Audit Committee for review and approval.
- Performed a variety of reviews such as financial, operational and compliance audits as specified in the approved annual audit plan including, and as appropriate, any special tasks or projects requested by Management.
- Issued audit reports to both Management and the Audit Committee detailing audit issues and recommendations to overcome the deficiencies or to enhance controls.
- Conducted follow-up on previous audit issues raised by the internal auditors or external auditors to ensure that appropriate corrective actions were implemented.
- Issued internal audit quarterly activity report that summarised audit activities carried out, audit issues raised, status of corrective actions for previous findings and achievement of audit plan on quarterly basis.
- Met with the external auditors to discuss the results of their evaluation on internal control.
- Tabled and discussed the reported audit issues and corrective actions adopted by Management at Audit Committee meetings.

The costs incurred for the internal audit function for the financial year ended 31 December 2010 amounted to RM 313,815.

Statement on Internal Control

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

Board Responsibility

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

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks affecting the achievement of the Group's objectives. This process has been put in place for the year ended 31 December 2010 and is reviewed periodically by the Board through its Audit Committee which is supported by internal auditors and risk management function.

Enterprise Risk Management

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

Supporting the RMC, the Group has a Risk Management Department ("RMD"), which is a separate department from the Internal Audit to facilitate risk management process of identifying risks, assessment of likelihood and impact, risks treatments, monitoring and reporting. The RMD obtains inputs of new updates on risks and emerging risks through facilitation and discussion with risk management representatives of every unit (i.e., Risk Management Units).

The operations of the risk management are guided by the Enterprise Risk Management ("ERM") Framework which was approved by the Board in 2004. The Internal Audit Department plays an independent role in evaluating the effectiveness of the Group's ERM framework annually.

Internal Audit

The Group has its own Internal Audit Department ("IAD") that provides the Audit Committee with much of the assurance it requires regarding the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. IAD conducts regular internal audit reviews based on the annual audit plan reviewed and approved by the Audit Committee. The remit of IAD is determined by the Audit Committee and is documented in the Internal Audit Charter.

Monitoring Process by the Audit Committee

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

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

Other Key Elements of Internal Control

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

- Clear Group vision, mission and shared values which are continuously communicated to employees at all levels.
- The Group has established an organisation structure with clearly defined lines of responsibility, accountability, authority and reporting. This includes establishing Board committees with well-defined terms of reference.
- The annual budgets and business plan are prepared and presented to the Board for approval.
- Regular and comprehensive information are provided to the Management and on a quarterly basis to the Board covering financial results and key business performance.
- Actual results against budget are monitored with major variances explained and followed up.
- Regular meetings at departmental, divisional and subsidiary levels provide a sound platform for staff to communicate with, and provide feedback to and from Management.
- Policies and procedures manuals of most operating units are in place to guide staff in their work.
- Limits of Authority clearly define the lines of authority in making operational and commercial business decisions.
- Periodic internal and external quality audits are conducted to ensure compliance with the quality management system, the ISO 9001:2008.
- A systematic performance appraisal system for all levels of staff is in practice.
- Relevant trainings are provided to personnel across all functions to maintain a high level of competency and capability.
- Adequate insurance and physical safeguards on major assets are in place to ensure assets of the Group are sufficiently covered.
- A Whistle Blowing Policy is in place to encourage the reporting in good faith of any suspected improper conduct whilst protecting the informants from reprisal within the limits of the law.

Conclusion

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

Statement of Directors' Responsibility

on Annual Audited Financial Statements

The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 1965, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the state of affairs of the Company and all its subsidiaries ("Group") as at the end of each financial year.

In preparing the financial statements for the financial year ended 31 December 2010, 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.

The Red Carpet Boulevard is equipped with high speed broadband infrastructure, offering free Wi-Fi access to its visitors.

Red Carpet Boulevard - Encorp Strand Kota Damansara

Strength does not come from physical capacity. It comes from an indomitable will.

Mahatma Gandhi - Prominent political and ideological leader of India

Financials

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 2010.

Principal activities

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

The principal activities of the subsidiaries are disclosed in Note 18 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM	Company RM
Profit net of tax	11,053,698	10,741,226
Profit attributable to:		
Owners of parent	7,486,120	10,741,226
Minority interests	3,567,578	-
	11,053,698	10,741,226

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in a decrease in the Group's profit net of tax by RM1,075,453 as disclosed in Note 2.2 to the financial statements.

Dividends

The amounts of dividends paid by the Company since 31 December 2009 were as follows:

	RM
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Final single-tier dividend of 5% on 218,122,536 ordinary shares, declared on 23 June 2010 and paid on 30 July 2010	10,906,127

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

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:

YB Dato Sri Mohd Effendi bin Norwawi
Efeida binti Mohd Effendi
Datuk Ramli bin Shamsudin
Datuk (Dr) Ting Ding Ing
Datuk Fong Joo Chung
Datuk Dr Zainal Aznam bin Mohd Yusof
Dato' Chew Kong Seng @ Chew Kong Huat
Dato' Kam Kok Fei
Datuk Dr Md Hamzah bin Md Kassim
Yeoh Soo Ann
(resigned on 30 September 2010)

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

Directors' interest

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

	Number of ordinary shares of RM1 each			
	1.1.2010	**Acquired**	**Sold**	**31.12.2010**
(a) Direct interest in shares of the Company:				
Datuk (Dr) Ting Ding Ing	2,278,000	-	-	2,278,000
Dato' Kam Kok Fei	-	36,000	(16,000)	20,000
(b) Deemed interest in shares of the Company:				
YB Dato Sri Mohd Effendi bin Norwawi #	66,636,036	-	-	66,636,036
Efeida binti Mohd Effendi *	66,636,036	-	-	66,636,036
Datuk Ramli bin Shamsudin ^	66,636,036	-	-	66,636,036

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

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

^ By virtue of his substantial shareholdings in Lavista Sdn. Bhd. held by him in trust.

Save as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Treasury shares

During the financial year, the Company repurchased 165,000 of its issued ordinary shares from the open market at an average price of RM0.99 per share. The total consideration paid for the repurchase including transaction costs was RM163,032. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company reissued 5,042,000 treasury shares by resale in the open market. The average resale price of the treasury shares was RM1.05 per share. The proceeds from the resale will be utilised for working capital.

Treasury shares (contd.)

As at 31 December 2010, the Company held as treasury shares a total of 5,386,000 of its 223,508,536 issued ordinary shares. Such treasury shares are held at a carrying amount of RM4,559,005 and further relevant details are disclosed in Note 31(b) to the financial statements.

Other statutory information

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

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and

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

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

    (i) the amount written off for bad debts inadequate to any substantial extent and no provision for doubtful debts in respect of the financial statements of the Group and of the Company is necessary; 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.

Other statutory information (contd.)

(f) In the opinion of the directors:

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

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

Significant events

The significant events are disclosed in Notes 18 and 40 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2011.

YB Dato Sri Mohd Effendi bin Norwawi

Efeida binti Mohd Effendi

Encorp Berhad (506836-X)

(Incorporated in Malaysia)

Statement by directors

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

We, YB Dato Sri Mohd Effendi bin Norwawi and Efeida binti Mohd Effendi, being the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 92 to 177 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 2010 and of their financial performance and cash flows for the year then ended.

Supplementary information – breakdown of retained profits into realised and unrealised

Further to the statement by directors, pursuant to Section 169(15) of the Companies Act, 1965, as above, the information set out in Note 41 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 26 April 2011.

YB Dato Sri Mohd Effendi bin Norwawi

Efeida binti Mohd Effendi

Statutory declaration

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

I, Chia Ku Tang, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 92 to 178 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 Chia Ku Tang
at Kuala Lumpur in the Federal
Territory on 26 April 2011

Chia Ku Tang

Before me,

R. Vasugi Ammal, PJK (W480)
Commissioner for Oaths

Independent auditors' report to the members of

Encorp Berhad (506836-X)

(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 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 92 to 177.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 and fair presentation of the financial statements 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 (506836-X)(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 2010 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 have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements.

(c) We are satisfied that the accounts 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 accounts 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 41 on page 178 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.

Other matters (contd.)

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	Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
AF: 0039	No. 1759/02/12(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
26 April 2011

Statements of comprehensive income
For the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	4	269,711,708	234,905,562	55,953,097	9,003,512
Cost of sales	5	(127,173,852)	(85,273,945)	(35,108,055)	(2,855,242)
Gross profit		142,537,856	149,631,617	20,845,042	6,148,270
Other items of income					
Interest income	6	584,801	575,614	199,598	169,099
Distribution from Fixed Maturity Fund		2,722,114	3,782,387	-	215,318
Other income	7	1,189,040	6,858,891	1,816,073	59,231
Other items of expense					
Marketing and distribution		(2,289,692)	(753,930)	-	-
Administrative expenses		(22,037,516)	(14,584,888)	(11,268,525)	(7,685,103)
Finance costs	8	(101,608,745)	(101,897,845)	(189,309)	(26,943)
Other expenses		(7,446,202)	(8,306,199)	(661,653)	(436,100)
Profit/(loss) before tax	9	13,651,656	35,305,647	10,741,226	(1,556,228)
Income tax expense	12	(2,597,958)	(8,412,433)	-	(121,876)
Profit/(loss) net of tax		11,053,698	26,893,214	10,741,226	(1,678,104)
Other comprehensive income, net of tax					
Foreign currency translation		1,714,809	-	-	-
Total comprehensive income for the year		12,768,507	26,893,214	10,741,226	(1,678,104)
Profit attributable to:					
Owners of the parent		7,486,120	20,485,187	10,741,226	(1,678,104)
Minority interests		3,567,578	6,408,027	-	-
		11,053,698	26,893,214	10,741,226	(1,678,104)
Total comprehensive income attributable to:					
Owners of the parent		9,200,929	20,485,187	10,741,226	(1,678,104)
Minority interests		3,567,578	6,408,027	-	-
		12,768,507	26,893,214	10,741,226	(1,678,104)
Earnings per share attributable to owners of the parent (sen per share)	13	3.46	9.57		

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

Encorp Berhad (506836-X)

(Incorporated in Malaysia)

Statements of financial position

As at 31 December 2010

	Note	Group		Company	
		2010	2009	2010	2009
		RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	15	6,504,731	6,953,426	5,590,892	2,640,720
Intangible assets	16	118,579,509	123,155,656	1,316,645	-
Land held for property development	17(a)	32,062,256	32,062,256	-	-
Investments in subsidiaries	18	-	-	295,960,308	295,960,000
Trade receivables	19	1,091,986,075	1,118,119,701	-	-
Deferred tax assets	20	593,738	2,734,832	-	-
		1,249,726,309	1,283,025,871	302,867,845	298,600,720
Current assets					
Property development costs	17(b)	174,552,772	175,135,201	-	-
Inventories	21	35,012,029	415,937	-	-
Tax recoverable		4,021,345	1,332,638	671,637	641,637
Trade and other receivables	19	100,541,306	83,909,679	85,065,035	45,386,246
Other current assets	22	55,961,376	44,817,056	480,851	113,897
Short term investment	24	95,815,251	86,370,771	-	-
Cash and bank balances	25	39,097,059	36,062,976	12,344,654	9,483,148
Non-current assets held for sale	26	2,949,052	-	-	-
		507,950,190	428,044,258	98,562,177	55,624,928
Total assets		1,757,676,499	1,711,070,129	401,430,022	354,225,648

Statements of financial position
As at 31 December 2010 (contd.)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	27	190,230,589	167,125,644	51,712,459	30,945,399
Other current liabilities	28	12,242,695	5,177,619	41,722	76,826
Loans and borrowings	29	62,159,999	36,585,812	21,108,156	192,571
Income tax payable		2,721,768	2,708,271	-	-
		267,355,051	211,597,346	72,862,337	31,214,796
Net current assets		240,595,139	216,446,912	25,699,840	24,410,132
Non-current liabilities					
Trade payables	27	29,438,252	28,234,126	-	-
Loans and borrowings	29	1,113,745,409	1,129,929,038	770,967	164,852
Deferred tax liabilities	20	870,440	-	-	-
		1,144,054,101	1,158,163,164	770,967	164,852
Total liabilities		1,411,409,152	1,369,760,510	73,633,304	31,379,648
Net assets		346,267,347	341,309,619	327,796,718	322,846,000
Equity attributable to equity holders of the Company					
Share capital	31	223,508,536	223,508,536	223,508,536	223,508,536
Treasury shares	31	(4,559,005)	(8,663,797)	(4,559,005)	(8,663,797)
Share premium	31	104,574,219	103,563,392	104,574,219	103,563,392
Other reserve	32	1,714,809	-	-	-
(Accumulated losses)/ retained earnings	33	(5,694,812)	(4,979,534)	4,272,968	4,437,869
		319,543,747	313,428,597	327,796,718	322,846,000
Minority interests		26,723,600	27,881,022	-	-
Total equity		346,267,347	341,309,619	327,796,718	322,846,000
Total equity and liabilities		1,757,676,499	1,711,070,129	401,430,022	354,225,648

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 2010

			Attributable to owners of the parent						
				Non- distributable				Distributable	
	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Accumulated losses RM	Minority interests RM
At 1 January 2010		341,309,619	313,428,597	223,508,536	103,563,392	(8,663,797)	-	(4,979,534)	27,881,022
Effects of adopting FRS 139		2,704,729	2,704,729	-	-	-	-	2,704,729	-
		344,014,348	316,133,326	223,508,536	103,563,392	(8,663,797)	-	(2,274,805)	27,881,022
Total comprehensive income		12,768,507	9,200,929	-	-	-	1,714,809	7,486,120	3,567,578
Transactions with owners									
Dividends on ordinary shares	14	(10,906,127)	(10,906,127)	-	-	-	-	(10,906,127)	-
Dividends paid by a subsidiary		(4,725,000)	-	-	-	-	-	-	(4,725,000)
Purchase of treasury shares	31	(163,032)	(163,032)	-	-	(163,032)	-	-	-
Treasury shares reissued to open market	31	5,278,651	5,278,651	-	-	5,278,651	-	-	-
Gain on reissue of treasury shares transferred to share premium reserves	31	-	-	-	1,010,827	(1,010,827)	-	-	-
Total transactions with owners		(10,515,508)	(5,790,508)	-	1,010,827	4,104,792	-	(10,906,127)	(4,725,000)
At 31 December 2010		346,267,347	319,543,747	223,508,536	104,574,219	(4,559,005)	1,714,809	(5,694,812)	26,723,600
At 1 January 2009		318,072,170	294,934,175	223,508,536	103,563,392	(6,673,032)	-	(25,464,721)	23,137,995
Total comprehensive income		26,893,214	20,485,187	-	-	-	-	20,485,187	6,408,027
Transactions with owners									
Dividends paid by a subsidiary		(1,665,000)	-	-	-	-	-	-	(1,665,000)
Purchase of treasury shares	31	(1,990,765)	(1,990,765)	-	-	(1,990,765)	-	-	-
Total transactions with owners		(3,655,765)	(1,990,765)	-	-	(1,990,765)	-	-	(1,665,000)
At 31 December 2009		341,309,619	313,428,597	223,508,536	103,563,392	(8,663,797)	-	(4,979,534)	27,881,022

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 2010

		I---Non-distributable---		I	Distributable
	Equity, total	Share capital	Share premium	Treasury shares	Retained earnings (Note 33)
	RM	RM	RM	RM	RM
At 1 January 2010	322,846,000	223,508,536	103,563,392	(8,663,797)	4,437,869
Total comprehensive income	10,741,226	-	-	-	10,741,226
Transactions with owners					
Dividends on ordinary shares (Note 14)	(10,906,127)	-	-	-	(10,906,127)
Purchase of treasury shares (Note 31)	(163,032)	-	-	(163,032)	-
Treasury shares reissued to open market	5,278,651	-	-	5,278,651	-
Gain on reissue of treasury shares transferred to share premium reserve	-	-	1,010,827	(1,010,827)	-
Total transactions with owners	(5,790,508)	-	1,010,827	4,104,792	(10,906,127)
At 31 December 2010	327,796,718	223,508,536	104,574,219	(4,559,005)	4,272,968
At 1 January 2009	326,514,869	223,508,536	103,563,392	(6,673,032)	6,115,973
Total comprehensive income	(1,678,104)	-	-	-	(1,678,104)
Transaction with owners					
Purchase of treasury shares (Note 31)	(1,990,765)	-	-	(1,990,765)	-
At 31 December 2009	322,846,000	223,508,536	103,563,392	(8,663,797)	4,437,869

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 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Operating activities				
Profit/(loss) before tax	13,651,656	35,305,647	10,741,226	(1,556,228)
Adjustments for:				
Depreciation	1,153,932	983,054	582,400	436,100
Amortisation of intangible assets	100,601	-	79,253	-
Interest expense	101,608,745	101,897,845	189,309	26,943
Distribution income from Fixed Maturity Fund	(2,722,114)	(3,782,387)	-	(215,318)
(Gain)/loss on disposal of short term investment	(75,999)	1,567,738	-	122,884
Interest income	(584,801)	(575,614)	(199,598)	(169,099)
Provision/(writeback) of provision for short term accumulating compensated absences	23,257	(20,091)	-	-
Provision for liquidated ascertained damages	8,125	539,976	-	-
Loss/(gain) on disposal of property, plant and equipment	13,627	(143,429)	-	(59,231)
Property, plant and equipment written off	-	151,291	-	-
Impairment of goodwill on consolidation	6,191,669	7,323,145	-	-
Reversal of consultant claim over provided in prior year	-	(3,858,311)	-	-
Reversal of provision of unbilled construction works	-	(2,357,543)	-	-
Unrealised foreign exchange gain	-	-	(1,816,073)	-
Unwinding of discount on retention sum payables	(127,503)	-	-	-
Waiver of debts	(372,934)	-	-	-
Bad debts written off	788,664	-	-	-
Total adjustments	106,005,269	101,725,674	(1,164,709)	142,279
Operating cash flows before working capital changes carried forward	119,656,925	137,031,321	9,576,517	(1,413,949)

Statements of cash flows
For the year ended 31 December 2010 (contd.)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Operating activities (contd.)				
Operating cash flows before working capital changes brought forward	119,656,925	137,031,321	9,576,517	(1,413,949)
Changes in working capital:				
Development expenditure	582,429	(23,454,723)	-	16,115,294
Inventories	(34,596,092)	(23,161)	-	-
Receivables	8,713,335	(15,363,793)	(9,804,734)	(4,253,514)
Other current assets	(11,144,320)	(28,040,457)	(366,954)	223,053
Corporate shareholder and affiliated company	9,086,769	(3,225,286)	9,088,524	54,199
Trade and other payables	17,193,130	13,778,823	13,024,328	(418,692)
Other current liability	7,065,076	5,177,619	(35,104)	76,826
Subsidiaries	-	-	(31,251,255)	(16,859,882)
Total changes in working capital	(3,099,673)	(51,150,978)	(19,345,195)	(5,062,716)
Cash generated from/(used in) operations	116,557,252	85,880,343	(9,768,678)	(6,476,665)
Interest paid	(717,861)	(30,902)	(189,309)	(26,943)
Income taxes paid	(2,261,634)	(17,562,154)	(30,000)	(29,999)
Net cash flow generated from/ (used in) operating activities	113,577,757	68,287,287	(9,987,987)	(6,533,607)
Investing activities				
Purchase of property, plant and equipment (Note a)	(3,244,658)	(2,651,867)	(1,287,319)	(1,826,205)
Purchase of intangible assets (Note a)	(505,977)	-	(441,932)	-
Proceeds from disposal of property, plant and equipment	136,334	384,199	-	300,000
Investment in short term funds	(9,368,481)	16,361,078	-	12,150,586
Interest received	584,801	644,620	199,598	169,099
Investment in subsidiary	-	-	(308)	-
Distribution income	2,722,114	3,782,387	-	215,318
Net cash flow (used in)/generated from investing activities	(9,675,867)	18,520,417	(1,529,961)	11,008,798

Statements of cash flows
For the year ended 31 December 2010 (contd.)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Financing activities				
Redemption of Al-Bai Bithaman Ajil Notes ("ABBA Notes")	(127,957,807)	(128,084,382)	-	-
Dividends paid to:				
- shareholders of the Company	(10,906,127)	-	(10,906,127)	-
- minority shareholder of a subsidiary	(4,725,000)	(1,665,000)	-	-
(Placement)/withdrawal of deposits pledged	(200,734)	39,910,103	2,514,857	(1,026,529)
Purchase of treasury shares	(163,032)	(1,990,765)	(163,032)	(1,990,765)
Issuance of treasury shares	5,278,651	-	5,278,651	-
Proceeds from loans and borrowings	36,351,450	-	20,500,000	-
Net repayment of finance lease payables	(145,060)	-	(114,429)	-
Net repayment of hire purchase				-
payables	(315,871)	(320,776)	(215,609)	(401,945)
Net cash flow (used in)/generated from financing activities	(102,783,530)	(92,150,820)	16,894,311	(3,419,239)
Net increase/(decrease) in cash and cash equivalents	1,118,360	(5,343,116)	5,376,363	1,055,952
Effect of exchange rate changes on cash and cash equivalents	1,714,989	-	-	-
Cash and cash equivalents at beginning of year	7,945,256	13,288,372	1,856,619	800,667
Cash and cash equivalents at end of year (Note 25)	10,778,605	7,945,256	7,232,982	1,856,619

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash	3,750,635	2,651,867	1,729,251	1,826,205
Accruals	-	351,537	1,847,481	227,254
Hire purchase	480,000	-	318,000	-
Other finance lease	1,289,918	-	1,033,738	-
	5,520,553	3,003,404	4,928,470	2,053,459

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

1. Corporate information

Encorp Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 2, B-59, Taman Sri Sarawak Mall, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. The principal place of business of the Company is located at No. 45-G, Jalan PJU 5/21, The Strand Encorp, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810, Petaling Jaya, Selangor Darul Ehsan.

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

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 26 April 2011.

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 2010 as described fully in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia (RM).

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies

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

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

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

<u>FRS 7 Financial Instruments: Disclosures</u>

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 7 Financial Instruments: Disclosures (contd.)

The Group and the Company have applied FRS 7 prospectively in accordance with the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 39 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (Note 38).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Impairment of trade receivables**

  Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the adoption did not have any effect on the financial performance or position of the Group and the Company.

- **Non-current payables and retention sum payables**

  Non-current payables and retention sum payables are recognised at their original invoice amounts which represent their fair values on initial recognition. Payables which are expected to be paid in a future period are recognised at amortised cost upon the adoption of FRS 139. The amortised cost is measured based on the present value of the estimated future cash flows discounted at the applicable market interest rate at the time of progress claims are recognised in the trade payables. As at 1 January 2010, the amortisation costs being the difference between the carrying amount and the present value is recognised as an adjustments to the opening balance of retained earnings as at that date.

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

FRS 139 Financial Instruments: Recognition and Measurement (contd.)

The following are effects arising from the above changes in accounting policies:

	As at 31 December 2010 RM	As at 1 January 2010 RM
Statements of financial position		
Group		
Increase/(decrease) in non-current trade payables	1,075,453	(2,704,729)
(Decrease)/increase in retained earnings	(1,075,453)	2,704,729

	For the year ended 31 December 2010 RM
Statements of comprehensive income	
Group	
Increase in interest income	127,503
Increase in interest expenses	(1,202,956)
Decrease in profit net of tax	(1,075,453)
Decrease in total comprehensive income for the year, net of tax	(1,075,453)

	As at 31 December 2010 sen per share
Group	
Decrease in basic earnings per share:	
Basic	(1.00)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Description	Effective for annual periods beginning on or after
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 7: Improvements to FRSs (2010)	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a lease	1 January 2011
Amendments to IC Interpretation 13: Improvements to FRSs (2010)	1 January 2011
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosure	1 January 2012
Amendments to IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, and the amendments to FRS 127 are described below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 required that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of consolidation

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

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

2. Summary of significant accounting policies (contd.)

2.4 Basis of consolidation (contd.)

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

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

2.5 Transactions with minority interests

Minority 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 minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, 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 minority interests is recognised directly in equity.

2.6 Foreign currency

a) Functional and presentation currency

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

2. Summary of significant accounting policies (contd.)

2.6 Foreign currency (contd.)

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.

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. Summary of significant accounting policies (contd.)

2.7 Property, plant and equipment, and depreciation

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

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

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

	%
Commercial office space	2
Motor vehicles	20
Office equipment, furniture and fittings	10 - 20
Office renovation	10

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.)

2.8 Intangible assets

a) Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

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

2. Summary of significant accounting policies (contd.)

2.8 Intangible assets (contd.)

b) Other intangible assets

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

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

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

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

Computer software

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

2.9 Impairment of non-financial assets

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

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

2. Summary of significant accounting policies (contd.)

2.9 Impairment of non-financial assets (contd.)

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

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

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

2.11 Affiliated companies

Affiliated companies include:

(i) Companies related to directors, YB Dato Sri Mohd Effendi bin Norwawi and Efeida binti Mohd Effendi by virtue of them being a director, a shareholder and/or their relationship with the controlling shareholder of the companies.

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

2. 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 and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

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

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

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

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.

2. Summary of significant accounting policies (contd.)

2.12 Financial assets (contd.)

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

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

2.13 Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group’s and the Company’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

2. Summary of significant accounting policies (contd.)

2.13 Impairment of financial assets (contd.)

a) Trade and other receivables and other financial assets carried at amortised cost (contd.)

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

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 income statement 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. Summary of significant accounting policies (contd.)

2.17 Inventories

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

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

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

2.18 Provisions

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

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

2.19 Financial liabilities

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

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

a) Financial liabilities at fair value through profit or loss

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

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

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

2. Summary of significant accounting policies (contd.)

2.19 Financial liabilities (contd.)

b) Other financial liabilities

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

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

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

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

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

2.20 Borrowing costs

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

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

2. Summary of significant accounting policies (contd.)

2.21 Employee benefits

a) 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

As lessee

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

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

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

2.23 Non-current assets held for sale

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

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

2. Summary of significant accounting policies (contd.)

2.24 Revenue

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

a) Sale of properties

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

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 on an accrual basis using the sum-of-digits method over the residual concession period.

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

f) Distribution income

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

2. Summary of significant accounting policies (contd.)

2.24 Revenue (contd.)

g) Dividend income

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

h) Management fee

Management fees are recognised when services are rendered.

2.25 Income tax

a) Current tax

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

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

b) Deferred tax

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

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

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

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

2. Summary of significant accounting policies (contd.)

2.25 Income tax (contd.)

b) Deferred tax (contd.)

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.)

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

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

2.28 Treasury shares

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

2.29 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.

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. Significant accounting judgements and estimates (contd.)

3.1 Judgement made in applying accounting policies

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

Classification between inventories and investment properties

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

Certain unsold properties are temporarily held for use for administrative purposes. The Group would account for these properties as inventories as they are intended for sale.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of goodwill

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

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

The carrying amount of goodwill as at 31 December 2010 is RM116,963,987 (2009: RM123,155,656).

(b) Property development

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

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(b) Property development (contd.)

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 development projects. In making the estimation, the Group evaluates by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 17. A 10% difference in the estimated total property development revenue or costs would result in approximately 1% (2009: 2%) variance in the Group's revenue and 7% (2009: 5%) variance in the Group's cost of sales.

(d) 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 specialists.

(e) Income tax and deferred taxation

Significant estimation is involved in determining the provision for income taxes and deferred taxation.

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

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

(ii) the tax penalty rate imposed on late payment of taxes of another subsidiary which is also involved in the said project as contractor.

As at the reporting date, the Group recognised the expected tax liabilities based on management's best estimates and submissions previously provided to the IRB.

Should the final tax outcome of these matters in discussion be different from the amount that was 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.)

(f) Provision for liquidated ascertained damages

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

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

(g) Impairment of loans and receivables

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

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

4. Revenue

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Concession income from the handover of teachers' quarters	113,100,877	115,342,738	-	-
Sale of properties	44,311,361	71,076,287	-	-
Construction revenue	102,428,636	43,044,850	35,808,097	2,913,512
Sale of goods	9,870,834	5,441,687	-	-
Dividend income from subsidiaries	-	-	11,025,000	-
Management fees from subsidiaries	-	-	9,120,000	6,090,000
	269,711,708	234,905,562	55,953,097	9,003,512

5. Cost of sales

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Property development costs (Note 17(b))	22,081,784	40,708,804	-	-
Construction contracts costs	95,464,861	39,627,765	35,108,055	2,855,242
Cost of inventories sold	9,627,207	4,937,376	-	-
	127,173,852	85,273,945	35,108,055	2,855,242

6. Interest income

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Interest income from:				
Loan and receivables	584,801	575,614	199,598	169,099

7. Other income

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Gain on disposal of short term investment (Note 24)	75,999	-	-	-
Waiver of debts	372,934	-	-	-
Reversal of consultant claim over provided in prior year	-	3,858,311	-	-
Reversal of provision of unbilled construction works	-	2,357,543	-	-
Gain on disposal of property, plant and equipment	-	143,429	-	59,231
Net unrealised foreign exchange gain	-	-	1,816,073	-
Unwinding of discount on retention sum payables	127,503	-	-	-
Miscellaneous	612,604	499,608	-	-
	1,189,040	6,858,891	1,816,073	59,231

8. Finance costs

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Finance cost/interest expense on:				
- Al-Bai Bithaman Ajil Notes ("ABBA Notes")	99,687,928	101,866,943	-	-
- hire purchase payables	30,390	30,902	17,849	26,943
- obligations under finance leases	22,445	-	18,474	-
- bank credit facilities, bank loans and bank overdraft	665,026	-	152,986	-
- trade payables	1,014,753	1,168,879	-	-
Unwinding of discount on amount due to an affiliated company (non-current payables)*	1,202,956	-	-	-
	102,623,498	103,066,724	189,309	26,943
Less: Interest capitalised in property development costs (Note 17(b))	(1,014,753)	(1,168,879)	-	-
Total finance costs	101,608,745	101,897,845	189,309	26,943

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

9. Profit/(loss) before tax

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Employee benefits expense (Note 10)	10,376,223	8,301,482	7,677,383	5,169,706
Non-executive directors' remuneration (Note 11)	349,000	426,912	305,500	382,912
Auditors' remuneration:				
-statutory audits	142,136	114,700	52,900	49,000
-other services	5,000	55,000	5,000	7,700
Depreciation of property, plant and equipment (Note 15)	1,153,932	983,054	582,400	436,100
Amortisation of intangible asset (Note 16)	100,601	-	79,253	-
Impairment of goodwill on consolidation (Note 16)	6,191,669	7,323,145	-	-
Rental of premises	62,239	11,100	228,000	234,500
Rental of equipment	55,436	53,841	26,873	31,963
Bad debts written off	788,664	-	-	-

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

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Provision/(write back) of short term accumulating compensated absences (Note 27(f))	23,257	(20,091)	-	-
Loss on disposal of short term investment (Note 24)	-	1,567,738	-	122,884
Loss on disposal of property, plant and equipment	13,627	-	-	-
Property, plant and equipment written off	-	151,291	-	-
Provision for liquidated ascertained damages (Note 27(g))	8,125	539,976	-	-

10. Employee benefits expense

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Wages and salaries	8,724,506	7,294,044	6,530,078	4,567,972
Social security costs	37,794	32,432	26,420	20,097
Pension cost - defined contribution plans	936,916	559,740	705,888	336,319
Provision/(write back) of short term accumulating compensated absences (Note 27(f))	23,257	(20,091)	-	-
Other staff related expenses	653,750	435,357	414,997	245,318
	10,376,223	8,301,482	7,677,383	5,169,706

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,209,694 (2009: RM2,069,622) and RM2,804,497 (2009: RM1,761,994) respectively as further disclosed in Note 11.

11. Directors' remuneration

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	2,870,704	1,804,566	2,508,803	1,529,914
Fees	90,000	80,000	90,000	80,000
Defined contribution plan	248,990	185,056	205,694	152,080
	3,209,694	2,069,622	2,804,497	1,761,994
Estimated money value of benefits-in-kind	184,167	178,676	158,005	124,090
	3,393,861	2,248,298	2,962,502	1,886,084
Non-executive:				
Fees	319,000	268,412	279,000	268,412
Allowances and other emoluments	30,000	158,500	26,500	114,500
	349,000	426,912	305,500	382,912
Estimated money value of benefits-in-kind	-	21,250	-	21,250
	349,000	448,162	305,500	404,162
	3,742,861	2,696,460	3,268,002	2,290,246

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

	Number of directors	
	2010	2009
Executive directors:		
RM50,001 - RM100,000	1	-
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	2	-
RM250,001 - RM300,000	-	1
RM400,001 - RM450,000	-	1
RM 800,001 - RM850,000	1	-
RM 1,000,001 - RM1,050,000	-	1
RM 1,450,001 - RM1,500,000	1	-
Non-executive directors:		
< RM50,000	2	2
RM50,001 - RM100,000	4	4
RM150,001 - RM200,000	-	1

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	1,926,202	7,124,488	30,000	30,000
(Over)/under provision in respect of previous years	(2,339,778)	2,982,203	(30,000)	91,876
	(413,576)	10,106,691	-	121,876
Deferred income tax (Note 20):				
Origination and reversal of temporary differences	2,975,993	1,000,251	-	-
Under/(over) provision in respect of previous years	35,541	(2,694,509)	-	-
	3,011,534	(1,694,258)	-	-
Income tax expense recognised in profit or loss	2,597,958	8,412,433	-	121,876

12. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit

The reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Profit/(loss) before tax	13,651,656	35,305,647	10,741,226	(1,556,228)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	3,412,914	8,826,412	2,685,307	(389,057)
Different tax rates in other jurisdictions	(34,036)	-	-	-
Adjustments:				
Non-deductible expenses	4,855,795	3,310,476	559,152	355,237
Income not subject to taxation	(731,403)	(2,372,537)	(2,756,250)	(68,657)
Utilisation of previously unrecognised tax losses and unabsorbed capital capital allowances	(2,824,859)	(1,786,532)	(458,209)	-
Deferred tax assets not recognised during the year	223,784	146,920	-	132,477
(Over)/under provision of income tax in respect of previous years				
- current taxation	(2,339,778)	2,982,203	(30,000)	91,876
- deferred tax	35,541	(2,694,509)	-	-
Income tax expense recognised in profit or loss	2,597,958	8,412,433	-	121,876

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

13. Earnings per share

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

The Company does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings per share is not presented.

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

	2010	2009
	RM	RM
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	7,486,120	20,485,187

	2010	2009
Weighted average number of ordinary shares for basic earnings per share computation*	216,423,418	214,051,151

	2010	2009
	Sen	Sen
Basic earnings per share	3.46	9.57

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

14. Dividends

	Group and Company	
	2010	2009
	RM	RM
Recognised during the financial year:		
Dividend on ordinary shares:		
Final single-tier dividend for 2009: 5 sen per share	10,906,127	-

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

15. Property, plant and equipment

	Commercial office space RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Office renovation RM	Property under construction RM	Total RM
Group						
Cost:						
At 1 January 2009	3,756,750	1,833,562	1,890,939	2,434,899	-	9,916,150
Additions	-	507,990	250,264	2,245,150	-	3,003,404
Disposals	-	(607,390)	-	-	-	(607,390)
Written off	-	(177,989)	-	-	-	(177,989)
At 31 December 2009 and 1 January 2010	3,756,750	1,556,173	2,141,203	4,680,049	-	12,134,175
Additions	-	713,556	473,623	1,069,986	1,547,265	3,804,430
Disposals	-	(179,953)	-	-	-	(179,953)
Reclassified as asset held for sale	(3,756,750)	-	-	-	-	(3,756,750)
At 31 December 2010	-	2,089,776	2,614,826	5,750,035	1,547,265	12,001,902
Accumulated depreciation:						
At 1 January 2009	657,431	630,853	1,338,367	1,964,362	-	4,591,013
Charge for the year (Note 9)	75,135	331,791	223,932	352,196	-	983,054
Disposals	-	(366,620)	-	-	-	(366,620)
Written off	-	(26,698)	-	-	-	(26,698)
At 31 December 2009 and 1 January 2010	732,566	569,326	1,562,299	2,316,558	-	5,180,749
Charge for the year (Note 9)	75,132	401,628	218,405	458,767	-	1,153,932
Disposals	-	(29,992)	-	-	-	(29,992)
Reclassified as asset held for sale	(807,698)	-	-	-	-	(807,698)
Exchange differences	-	-	180	-	-	180
At 31 December 2010	-	940,962	1,780,884	2,775,325	-	5,497,171
Net carrying amount						
At 31 December 2009	3,024,184	986,847	578,904	2,363,491	-	6,953,426
At 31 December 2010	-	1,148,814	833,942	2,974,710	1,547,265	6,504,731

15. Property, plant and equipment (contd.)

	Office renovation RM	Motor vehicles RM	Office equipment RM	Property under construction RM	Total RM
Company					
Cost:					
At 1 January 2009	10,250	1,483,226	392,763	-	1,886,239
Additions	1,496,758	330,000	226,701	-	2,053,459
Disposals	-	(424,886)	-	-	(424,886)
At 31 December 2009 and 1 January 2010	1,507,008	1,388,340	619,464	-	3,514,812
Additions	556,257	353,602	313,362	2,309,351	3,532,572
At 31 December 2010	2,063,265	1,741,942	932,826	2,309,351	7,047,384
Accumulated depreciation:					
At 1 January 2009	3,844	405,527	212,738	-	622,109
Charge for the year (Note 9)	73,307	283,482	79,311	-	436,100
Disposals	-	(184,117)	-	-	(184,117)
At 31 December 2009 and 1 January 2010	77,151	504,892	292,049	-	874,092
Charge for the year (Note 9)	160,667	323,028	98,705	-	582,400
At 31 December 2010	237,818	827,920	390,754	-	1,456,492
Net carrying amount					
At 31 December 2009	1,429,857	883,448	327,415	-	2,640,720
At 31 December 2010	1,825,447	914,022	542,072	2,309,351	5,590,892

Included in property, plant and equipment of the Group and of the Company are motor vehicles with net carrying amount of RM713,863 (2009: RM564,448) and RM560,863 (2009: RM560,863) respectively held under hire purchase arrangements.

Asset held under finance lease

During the financial year, the Group and the Company acquired office equipment with an aggregate cost of RM99,715 by means of finance lease. The cash outflow on acquisition of office equipment amounted to RM19,943.

16. Intangible assets

Group	Goodwill on consolidation RM	Computer software RM	Total RM
Cost:			
At 1 January 2009, 31 December 2009 and 1 January 2010	197,003,142	-	197,003,142
Additions	-	1,716,123	1,716,123
At 31 December 2010	197,003,142	1,716,123	198,719,265
Accumulated amortisation and impairment:			
At 1 January 2009	(66,524,341)	-	(66,524,341)
Impairment loss (Note 9)	(7,323,145)	-	(7,323,145)
At 31 December 2009 and 1 January 2010	(73,847,486)	-	(73,847,486)
Impairment loss (Note 9)	(6,191,669)	-	(6,191,669)
Amortisation (Note 9)	-	(100,601)	(100,601)
At 31 December 2010	(80,039,155)	(100,601)	(80,139,756)
Net carrying amount:			
At 31 December 2009	123,155,656	-	123,155,656
At 31 December 2010	116,963,987	1,615,522	118,579,509

Company	Computer software RM
Cost:	
At 1 January 2009, 31 December 2009 and 1 January 2010	-
Additions	1,395,898
At 31 December 2010	1,395,898
Accumulated amortisation:	
At 1 January 2009, 31 December 2009 and 1 January 2010	-
Amortisation (Note 9)	(79,253)
At 31 December 2010	(79,253)
Net carrying amount:	
At 31 December 2009	-
At 31 December 2010	1,316,645

16. Intangible assets (contd.)

Impairment tests for goodwill

Allocation of goodwill

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

At 31 December:

	2010 RM	2009 RM
Goodwill - business segment		
Property development	31,675,919	32,862,615
Concessionaire	85,288,068	90,293,041
	116,963,987	123,155,656

Key basis used in determining the recoverable amount

(a) Property development

The recoverable amount of the CGU is determined based on the budgeted gross development value ("GDV") of the entire project and the subsequent launch of each phase covering a one to two-year period.

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

(b) Concessionaire

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

16. Intangible assets (contd.)

Amortisation expense

The amortisation of computer software is included in the "other expenses" line item in the statement of comprehensive income.

Asset held under finance lease

During the financial year, the Group and the Company acquired computer software with an aggregate cost of RM1,210,146 and RM953,966 respectively by means of finance lease. The cash outflow on acquisition of computer software amounted to RM505,977 and RM441,932 respectively.

The carrying amount of intangible asset held under finance lease at the reporting date was RM1,134,788.

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

17. Land held for property development and property development costs

(a) Land held for property development

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Leasehold land				
Cost				
At 1 January	32,062,256	44,366,180	-	-
Transfer to property development costs (Note 17(b))	-	(12,303,924)	-	-
At 31 December	32,062,256	32,062,256	-	-
Freehold land				
Cost				
At 1 January	-	16,115,294	-	16,115,294
Disposal to a subsidiary	-	(16,115,294)	-	(16,115,294)
At 31 December	-	-	-	-
Carrying amount at 31 December	32,062,256	32,062,256	-	-

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

(b) Property development costs

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
At 31 December 2010				
Cumulative property development costs				
At 1 January 2010	16,115,294	65,128,694	322,531,925	403,775,913
Costs incurred during the year	16,467,150	-	40,044,234	56,511,384
Unsold units transferred to inventories	-	(2,720,487)	(32,291,542)	(35,012,029)
At 31 December 2010	32,582,444	62,408,207	330,284,617	425,275,268
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2010	-	(21,577,667)	(207,063,045)	(228,640,712)
Recognised during the year (Note 5)	-	(3,312,887)	(18,768,897)	(22,081,784)
At 31 December 2010	-	(24,890,554)	(225,831,942)	(250,722,496)
Property development costs at 31 December 2010	32,582,444	37,517,653	104,452,675	174,552,772
At 31 December 2009				
Cumulative property development costs				
At 1 January 2009	-	52,824,315	258,368,853	311,193,168
Costs incurred during the year	-	455	64,163,072	64,163,527
Transfer from land held for property development (Note 17(a))	16,115,294	12,303,924	-	28,419,218
At 31 December 2009	16,115,294	65,128,694	322,531,925	403,775,913
Cumulative costs recognised in statement of comprehensive income				
At 1 January 2009	-	(17,471,428)	(170,460,480)	(187,931,908)
Recognised during the year (Note 5)	-	(4,106,239)	(36,602,565)	(40,708,804)
At 31 December 2009	-	(21,577,667)	(207,063,045)	(228,640,712)
Property development costs at 31 December 2009	16,115,294	43,551,027	115,468,880	175,135,201

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 2010 RM	Group 2009 RM
Interest expense (Note 8)	1,014,753	1,168,879

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

The freehold land under development with carrying value of RM16,115,294 (2009: RMnil) has been pledged as security for bank loan obtained/granted (Note 29(d)).

18. Investments in subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares at cost	295,960,308	295,960,000

Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	Proportion (%) of ownership interest 2009
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	-

18. Investments in subsidiaries (contd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2010	2009
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.	2,500	Malaysia	Property construction	100	100
Subsidiaries of Encorp Construct Sdn. Bhd.					
Encorp Trading Services Sdn. Bhd.	1,000	Malaysia	General trading	100	100
Subsidiary of Encorp Must Sdn. Bhd.					
Must Ehsan Development Sdn. Bhd.	1,500	Malaysia	Property development	70	70
Encorp Development Sdn. Bhd.	*	Malaysia	Property development	100	100
Encorp Iskandar Development Sdn. Bhd.	*	Malaysia	Property development	100	-

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

18. Investments in subsidiaries (contd.)

(a) Subscription of shares

(i) During the financial year, Encorp Construction & Infrastructure Sdn. Bhd. ("ECISB") increased its investment in Encorp Construct Sdn. Bhd. ("ECSB") from RM1,000,000 to RM2,500,000 by way of subscription of 1,500,000 new ordinary shares of RM1 each.

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

(ii) On 19 March 2010, ECSB has increased its investment in Encorp Trading Services Sdn. Bhd. ("ETSSB") from RM100,000 to RM1,000,000 via capitalisation of the amount due from ETSSB amounting to RM900,000 into new ordinary shares of RM1 each.

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

(b) Incorporation of new subsidiaries

(i) On 5 February 2010, the Company incorporated a wholly-owned subsidiary known as Encorp Development Pty Ltd ("EDPL") with 100 issued and paid-up share capital of 1 Australian Dollar each.

The principal activity of EDPL is property development.

(ii) On 12 February 2010, Encorp Must Sdn Bhd ("EMSB") has incorporated a new wholly-owned subsidiary known as Encorp Iskandar Development Sdn. Bhd. ("EIDSB").

The authorised share capital of EIDSB is RM5,000,000 divided into 5,000,000 ordinary shares of RM1 each. The issued and paid-up share capital of EIDSB is RM2 divided into 2 ordinary shares of RM1 each.

The principal activity of EIDSB is property development.

The incorporation of new subsidiaries did not have any material effect on the financial results and financial position of the Group.

19. Trade and other receivables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current				
Trade receivables (a)				
Third parties	57,077,673	46,453,569	14,011,658	4,013,523
Concession income receivables (b)	32,889,039	29,088,091	-	-
	89,966,712	75,541,660	14,011,658	4,013,523
Other receivables				
Subsidiaries (c)	-	-	70,865,231	40,991,176
Deposits (d)	7,331,896	6,765,664	123,300	12,300
Sundry receivables	3,242,698	1,602,355	64,846	369,247
	10,574,594	8,368,019	71,053,377	41,372,723
Total trade and other receivables	100,541,306	83,909,679	85,065,035	45,386,246
Non-current				
Trade receivables (a)				
Concession income receivables (b)	1,091,986,075	1,118,119,701	-	-
Total trade and other receivables (current and non-current)	1,192,527,381	1,202,029,380	85,065,035	45,386,246
Add: Cash and bank balances (Note 25)	39,097,059	36,062,976	12,344,654	9,483,148
Total loans and receivables	1,231,624,440	1,238,092,356	97,409,689	54,869,394

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 day (2009: 14 to 60 day) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Ageing analysis of trade receivables

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Neither past due nor impaired	55,433,083	62,299,101	14,011,658	4,013,523
1 to 30 days past due not impaired	11,087,080	1,088,591	-	-
31 to 60 days past due not impaired	6,426,036	2,735,261	-	-
61 to 90 days past due not impaired	971,702	1,455,494	-	-
91 to 120 days past due not impaired	4,895,296	166,246	-	-
121 to 365 days past due not impaired	3,963,825	2,478,422	-	-
More than 365 days past due not impaired	7,189,690	5,318,545	-	-
	34,533,629	13,242,559	-	-
Impaired	-	-	-	-
	89,966,712	75,541,660	14,011,658	4,013,523

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's and Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM34,533,629 (2009: RM13,242,559) that are past due at the reporting date but not impaired.

Receivables that are past due but not impaired relate to customers that the Group still deem to be creditworthy. Based on the past experience, the Board believes that no impairment of allowance is necessary in respect of those balances.

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

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

19. Trade and other receivables (contd.)

(b) Concession income receivables

	Group 2010 RM	Group 2009 RM
Concession income receivables accrued:		
- Within 1 year	143,513,312	142,188,968
- More than 1 year and less than 2 years	136,757,899	136,757,899
- More than 2 years and less than 5 years	410,273,697	410,273,697
- More than 5 years	1,652,602,372	1,789,360,271
	2,343,147,280	2,478,580,835
Unearned interest income	(1,218,272,166)	(1,331,373,043)
	1,124,875,114	1,147,207,792
Receivable within one year	32,889,039	29,088,091
Receivable after one year	1,091,986,075	1,118,119,701
	1,124,875,114	1,147,207,792

The Group's normal trade credit term on concession income receivables is 21 (2009: 21) days.

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

(c) Subsidiaries

The amounts due from subsidiaries are unsecured and non-interest bearing and are repayable on demand.

19. Trade and other receivables (contd.)

(d) Deposits

Included in deposits is an amount paid to Indi Makmur Sdn. Bhd. ("Indi Makmur") and Lunarhati Sdn. Bhd. ("Lunarhati") amounting to RM5 million (2009: RM5 million)

On 2 April 2007, the Board granted approval to a subsidiary, Encorp Must Sdn. Bhd. ("EMSB") to enter into a Joint Venture Agreement ("JVA") with Indi Makmur and Lunarhati to establish an unincorporated Joint Venture for the purpose of developing two parcels of land into a mixed development comprising residential and commercial development. EMSB's contribution under the JVA is to:

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

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

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

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

On 1 April 2011, the Board granted an approval to Indi Makmur and Lunarhati for an extension of time and variation to the JVA wherein the Conditional Period will be extended for a period of one year to 3 April 2012.

A directors of the Company has significant interests in Indi Makmur and Lunarhati and two other directors of the Company are person connected to a director of Indi Makmur and Lunarhati.

20. Deferred tax

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

	As at 1 January 2009 RM	Recognised in profit or loss (Note 12) RM	As at 31 December 2009 RM	Recognised in profit or loss (Note 12) RM	As at 31 December 2010 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	61,767	4,676	66,443	385,609	452,052
Progress billings	290,772,150	(5,327,969)	285,444,181	(5,914,256)	279,529,925
	290,833,917	(5,323,293)	285,510,624	(5,528,647)	279,981,977
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(45,585)	6,287,881	6,242,296	6,078,477	12,320,773
Provisions	(291,828,906)	(2,658,846)	(294,487,752)	2,461,704	(292,026,048)
	(291,874,491)	3,629,035	(288,245,456)	8,540,181	(279,705,275)
	(1,040,574)	(1,694,258)	(2,734,832)	3,011,534	276,702
Company					
Deferred tax liability:					
Property, plant and equipment	43,866	11,224	55,090	251,196	306,286
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(43,866)	(11,224)	(55,090)	(705,215)	(760,305)
Provisions	-	-	-	454,019	454,019
	(43,866)	(11,224)	(55,090)	(251,196)	(306,286)
	-	-	-	-	-

20. Deferred tax

Presented after appropriate offsetting as follows:

	Group	
	2010	2009
	RM	RM
Deferred tax assets	(593,738)	(2,734,832)
Deferred tax liabilities	870,440	-
	276,702	(2,734,832)

Unrecognised tax losses

At the reporting date, the Group and the Company have tax losses of approximately RM1,461,973 (2009: RM11,698,286) and RM563,071 (2009: RM2,202,336) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Unutilised business losses	1,461,973	11,698,286	563,071	2,202,336
Unabsorbed capital allowances	3,368	193,570	-	193,570
Other deductible temporary difference - provisions	423,105	537,000	-	-

21. Inventories

	Group	
	2010	2009
	RM	RM
Cost		
Properties held for sale	35,012,029	392,776
Trading goods	-	23,161
	35,012,029	415,937

22. Other current assets

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Prepayments (a)	41,625,126	41,645,875	187,153	113,897
Accrued billings in respect of property development costs	4,349,772	3,158,456	-	-
Gross amount due from customers for contract work (Note 23)	9,692,780	12,725	-	-
Others	293,698	-	293,698	-
	55,961,376	44,817,056	480,851	113,897

(a) Included in the prepayment is prepaid ABBA Notes amounting to RM41,300,000 (2009: RM41,300,000) which will be due on 3 January of the following financial year.

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

		Group		Company
	2010	2009	2010	2009
	RM	RM	RM	RM
Construction costs incurred to date	249,171,899	103,937,198	39,325,208	6,619,450
Attributable profits	14,543,619	5,700,311	758,366	58,270
	263,715,518	109,637,509	40,083,574	6,677,720
Less: Progress billings	(255,501,840)	(114,802,403)	(40,125,296)	(6,754,546)
	8,213,678	(5,164,894)	(41,722)	(76,826)
Presented as:				
Gross amount due from customers on contracts (Note 22)	9,692,780	12,725	-	-
Gross amount due to customers on contracts (Note 28)	(1,479,102)	(5,177,619)	(41,722)	(76,826)
	8,213,678	(5,164,894)	(41,722)	(76,826)

		Group
	2010	2009
	RM	RM
Advances received from contracts are included within trade payables (Note 27)	264,250	5,000,000

Included in the total construction contract costs incurred for the financial year are the employee benefits of RM4,555,505 (2009: RM2,076,852).

24. Short term investment

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Fixed Maturity Fund ("The Fund")	95,815,251	86,370,771	-	-

The Fund is a restricted investment scheme in short term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

The whole amount of RM95,815,251 (2009: RM86,379,771) is held in trust for the holders of the ABBA Notes (Note 29).

25. Cash and bank balances

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash on hand and at banks (a)	20,597,938	6,766,413	732,982	33,118
Deposits with:				
- licensed banks (b)	17,493,997	17,181,424	11,611,672	9,450,030
- a licensed corporation (c)	1,005,124	12,115,139	-	-
Cash and bank balances	39,097,059	36,062,976	12,344,654	9,483,148

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

(i) In prior year, an amount of RM16,772 was held by a licensed corporation in trust for the holders of the ABBA Notes; and

(ii) An amount of RM6,564,973 (2009: RM2,122,148) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.

(iii) An amount of RM194,891 (2009: RM194,891) is held as sinking fund in relation to the bank guarantee facilities granted to a subsidiary Company. ECSB.

(iv) Included in the cash on hand and at banks of RM11,318,663 (2009: RMnil) is held by a licensed corporation in trust for the holders of the ABBA Notes as a Project Escrow Account.

25. Cash and bank balances (contd.)

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

(i) Deposits of RM1,579,060 (2009: RM1,428,690) pledged to bank for credit facilities granted to a subsidiary company, Must Ehsan Development Sdn. Bhd.;

(ii) Deposits of RM4,400,000 and RM2,544,101 (2009: RM6,600,000 and RM3,750,000) on lien for bank guarantees granted to the Company and a subsidiary Company, ECSB, respectively in favour of the customers for the projects awarded;

(iii) Designated deposits of RM711,672 (2009: RM1,378,345) of the Company on lien for settlement of payables in Encorp Systembilt Sdn. Bhd. and ECSB;

(iv) In prior year, an amount of RM869,578 was held as sinking fund in relation to the bank guarantee facilities granted to a subsidiary Company, ECSB.

(c) The deposit of RM1,005,124 (2009: RM12,125,884) is held by a licensed corporation in trust for the holders of the ABBA Notes as a Project Escrow Account.

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	39,097,059	36,062,976	12,344,654	9,483,148
Less: Pledged/designated	(28,318,454)	(28,117,720)	(5,111,672)	(7,626,529)
Cash and cash equivalents	10,778,605	7,945,256	7,232,982	1,856,619

26. Non-current asset held for sale

Disposal of commercial office space by a subsidiary, Encorp Construct Sdn. Bhd.

On 4 November 2010, ECSB has entered into a Sale and Purchase agreement to dispose off its leasehold property located at Level 18, Wisma SunwayMas, No.1 Jalan Tengku Ampuan Zabedah, C9/C, Section 9, 40100 Shah Alam, Selangor for a total consideration of RM3,908,050 to Daksina Harta Sdn. Bhd.. The Sale and Purchase agreement was completed on 28 January 2011. As at the reporting date, ECSB has received a deposit of RM390,805 from Daksina Harta Sdn. Bhd.. The carrying amount of the commercial office space as at 31 December 2010 is RM2,949,052. (Note 15)

27. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Trade payables				
Third parties (a)	71,915,892	63,357,274	-	-
Amount due to an affiliated company (b)	45,360,657	45,360,657	-	-
Subsidiaries (c)	-	-	15,581,465	3,933,240
Advances received (Note 23)	264,250	5,000,000	-	-
	117,540,799	113,717,931	15,581,465	3,933,240
Other payables				
Subsidiaries (c)	-	-	24,307,420	25,653,212
Amounts due to (d):				
-affiliated companies	2,268	2,268	-	-
-corporate shareholder	9,149,305	62,536	9,143,242	54,718
Sundry payables	10,137,876	3,926,681		53,266
Provision for defect liability (e)	537,400	537,400	-	-
Accruals for construction costs	3,490,744	3,493,774	-	-
Provision for short-term accumulating compensated absences (f)	80,852	57,595	57,289	57,289
Other accruals	49,226,770	45,271,009	2,623,043	1,193,674
Provision for liquidated ascertained damages (g)	64,575	56,450	-	-
	72,689,790	53,407,713	36,130,994	27,012,159
	190,230,589	167,125,644	51,712,459	30,945,399
Non-current				
Trade payables				
Retention sum payables	2,705,899	-	-	-
Amount due to an affiliated company (b)	26,732,353	28,234,126	-	-
	29,438,252	28,234,126	-	-
Total trade and other payables	219,668,841	195,359,770	51,712,459	30,945,399
Add: Loans and borrowings (Note 29)	1,175,905,408	1,166,514,850	21,879,123	357,423
Total financial liabilities carried at amortised cost	1,395,574,249	1,361,874,620	73,591,582	31,302,822

27. Trade and other payables (contd.)

(a) Save and except for an amount of RM8,091,092 (2009: RM6,733,598) due to a contractor of a subsidiary company bearing interest of 1.5% per annum above the Base Lending Rate ("BLR"), the trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 14 to 60 days (2009: 14 to 60 days).

(b) These are amounts due to PKNS in relation to the purchase of two plots of land, namely:

(i) a 209.7 acres plot of land at U12 Shah Alam, Selangor Darul Ehsan; and

(ii) approximately 45 acres plot of land at Pusat Bandar I, Pusat Bandar Kota Damansara for development as a mixed development project.

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

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

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

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

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At beginning of year	57,595	77,686	57,289	57,289
Recognised in statements of comprehensive income (Note 10)	23,257	(20,091)	-	-
At the end of year	80,852	57,595	57,289	57,289

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

	Group	
	2010	2009
	RM	RM
At beginning of year	56,450	182,338
Additional provision during the year (Note 9)	8,125	539,976
Amount paid during the year	-	(665,864)
At the end of year	64,575	56,450

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

28. Other current liabilities

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Progress billings in respect of property development costs	10,763,593	-	-	-
Gross amount due to customers for contract work (Note 23)	1,479,102	5,177,619	41,722	76,826
	12,242,695	5,177,619	41,722	76,826

29. Loans and borrowings

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current				
Secured:				
ABBA Notes (a)	30,671,753	28,312,072	-	-
Advance from a contractor (b)	8,000,000	8,000,000	-	-
Short term loans (c)	20,500,000	-	20,500,000	-
Term loans (d)	2,222,220	-	-	-
Obligations under finance leases (Note 30(b)): (e)				
- Hire purchase payables	131,579	273,740	101,494	192,571
- Finance lease	634,447	-	506,662	-
	62,159,999	36,585,812	21,108,156	192,571
Non-current				
Secured:				
ABBA Notes	1,099,134,626	1,129,764,186	-	-
Term loans (d)	13,629,230	-	-	-
Obligations under finance leases (Note 30(b)): (e)				
- Hire purchase payables	471,142	164,852	358,320	164,852
- Finance lease	510,411	-	412,647	-
	1,113,745,409	1,129,929,038	770,967	164,852
Total loans and borrowings	1,175,905,408	1,166,514,850	21,879,123	357,423

29. Loans and borrowings (contd.)

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
On demand or within one year	62,159,999	36,585,812	21,108,156	192,571
More than 1 year and less than 2 years	72,489,293	30,715,386	770,967	43,633
More than 2 years and less than 5 years	125,313,610	140,219,649	-	121,219
5 years or more	915,942,506	958,994,003	-	-
	1,175,905,408	1,166,514,850	21,879,123	357,423

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

(i) RM1.3216 billion ABBA Notes 2002/2018 were issued in the year 2000, maturing on 3 January 2018 and are repayable by 32 semi-annual instalments commencing on 3 July 2002. During the year, RM82,600,000 (2009: RM82,600,000) has been paid towards the redemption of the ABBA Notes.

(ii) RM510 million ABBA Notes 2002/2018 were issued in the year 2000, maturing on 15 September 2018 and are repayable by 34 semi-annual instalments commencing on 15 March 2002. During the year, RM30,000,000 (2009: RM30,000,000) has been paid towards the redemption of the ABBA Notes; and

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

Maturity dates	Face value of primary notes RM	Aggregate face value of secondary notes RM
29 May 2012	30,000,000	15,307,397
29 May 2017	30,000,000	26,338,356
29 May 2022	70,000,000	80,891,615
29 May 2028	90,000,000	148,583,220

During the year, RM15,400,000 (2009: RM15,400,000) has been paid towards the redemption of the ABBA Notes.

29. Loans and borrowings (contd.)

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

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

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

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

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

Maturity dates	Face value of primary notes RM	Aggregate face value of secondary notes RM
31 December 2019	62,500,000	50,000,000
31 December 2020	62,500,000	45,000,000
31 December 2021	62,500,000	40,000,000
31 December 2022	62,500,000	35,000,000
31 December 2023	62,500,000	30,000,000
31 December 2024	93,750,000	25,000,000
31 December 2025	93,750,000	17,500,000
31 December 2026	125,000,000	10,000,000

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

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

29. Loans and borrowings (contd.)

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

Maturity dates	Face value of primary notes RM	Aggregate face value of secondary notes RM
31 December 2019	4,200,000	3,360,000
31 December 2020	4,200,000	3,024,000
31 December 2021	4,200,000	2,688,000
31 December 2022	4,200,000	2,352,000
31 December 2023	4,200,000	2,016,000
31 December 2024	6,300,000	1,680,000
31 December 2025	6,300,000	1,176,000
31 December 2026	8,400,000	672,000

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

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

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

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

(c) Short term loans

<u>Bridging loan at cost of funds + 1.5% per annum</u>

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

<u>Revolving credit at effective cost of funds + 1.25% per annum</u>

The revolving credit facilities of RM500,000 bear interest at cost of funds + 1.25% per annum and are secured by a legal charge over commercial office space (Note 26).

29. Loans and borrowings (contd.)

(d) Term loans

Term loans at cost of funds + 1.5% per annum

This loan is secured by a fixed charged over the Group's ten units of terraced shopoffices located within The Strand Damansara and corporate guarantee provided by the Company.

Term loans at base lending rate + 1% per annum

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

(e) Obligations under finance leases

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

30. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Capital expenditure				
Approved and contracted for:				
Land held for property development	23,301,290	-	-	-
Property under construction	-	-	16,613,133	-

30. Commitments (contd.)

(b) Finance lease commitments

(i) Hire purchase payables

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	159,060	289,479	122,232	203,112
Later than 1 year and not later than 2 years	195,888	49,404	122,232	49,404
Later than 2 years and not later than 5 years	315,361	127,579	266,284	127,579
Total minimum lease payment	670,309	466,462	510,748	380,095
Less: Amounts representing finance charges	(67,588)	(27,870)	(50,934)	(22,672)
Present value of finance lease liabilities (Note 29)	602,721	438,592	459,814	357,423
Present value of minimum payments:				
Not later than 1 year	131,579	273,740	101,494	192,571
Later than 1 year and not later than 2 years	138,794	43,633	106,969	43,633
Later than 2 years and not later than 5 years	332,348	121,219	251,351	121,219
	602,721	438,592	459,814	357,423
Less: Amount due within 12 months (Note 29)	(131,579)	(273,740)	(101,494)	(192,571)
Amount due after 12 months (Note 29)	471,142	164,852	358,320	164,852

The weighted average interest rate of the hire purchase payables at the end of the financial year was 2.57% (2009: 2.25%).

30. Commitments (contd.)

(b) Finance lease commitments (contd.)

(ii) Finance lease

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Minimum lease payments:				
Not later than 1 year	696,972	-	558,552	-
Later than 1 year and not later than 2 years	525,993	-	425,650	-
Total minimum lease payment	1,222,965	-	984,202	-
Less: Amounts representing finance charges	(78,107)	-	(64,893)	-
Present value of finance lease liabilities (Note 29)	1,144,858	-	919,309	-
Present value of minimum payments:				
Not later than 1 year	634,447	-	506,663	-
Later than 1 year and not later than 2 years	510,411	-	412,646	-
Less: Amount due within 12 months (Note 29)	1,144,858	-	919,309	-
Amount due after 12 months (Note 29)	(634,447)	-	(506,662)	-
	510,411	-	412,647	-

The average discount rate implicit in the lease is 4.03% per annum.

31. Share capital, share premium and treasury shares

	Group and Company					
	Number of ordinary shares of RM1 each		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2009	223,508,536	(7,641,800)	223,508,536	103,563,392	327,071,928	(6,673,032)
Purchase of treasury shares	-	(2,621,200)	-	-	-	(1,990,765)
At 31 December 2009 and 1 January 2010	223,508,536	(10,263,000)	223,508,536	103,563,392	327,071,928	(8,663,797)
Purchase of treasury shares	-	(165,000)	-	-	-	(163,032)
Treasury shares reissued to open market	-	5,042,000	-	-	-	5,278,651
Gain on reissue of treasury shares transferred to share premium reserve	-	-	-	1,010,827	1,010,827	(1,010,827)
At 31 December 2010	223,508,536	(5,386,000)	223,508,536	104,574,219	328,082,755	(4,559,005)

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
At 1 January/31 December	300,000,000	300,000,000	300,000,000	300,000,000

31. Share capital (contd.)

a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company acquired 165,000 (2009: 2,621,000) of its ordinary shares of RM1 each through its purchase on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM163,032 (2009: RM1,990,765) and this was presented as a component within shareholder's equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

During the financial year, the Company reissued 5,042,000 treasury shares by resale in the open market. The average resale price of the treasury shares was RM1.05 per share. The proceeds from the resale will be utilised for working capital.

32. Other reserve

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

33. Retained earnings

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

As at 31 December 2010, the S.108 balance of the Company is nil (2009: nil). The Company may distribute dividends out of its entire retained earnings as at 31 December 2010 and 2009 under the single tier system.

34. Contingent liabilities

	Company	
	2010	2009
	RM	RM
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	29,635,624	13,599,000
Corporate guarantee given to suppliers in favour of credit terms granted to a subsidiary	809,238	518,880
	30,444,862	14,117,880

35. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2010	2009
	RM	RM
Group		
Advances from a corporate shareholder	9,086,769	61,622
Sales of properties under development to persons connected to a director of the Company (i)	(1,981,979)	-
Sales of properties under development to a Company connected to a director of the Company (i)	(7,054,703)	-
Sales of properties under development to the directors of the Company (i)	(7,263,472)	-
Sales of motor vehicle to Great Wall Plastic Industries Berhad ^ (ii)	-	(312,138)

35. Related party disclosures (contd.)

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

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 (contd.):

	2010 RM	2009 RM
Company		
Management fees charged to subsidiaries (iii) :		
- Encorp Construct Sdn. Bhd.	(3,000,000)	(3,000,000)
- Encorp Must Sdn. Bhd.	(1,200,000)	(120,000)
- Encorp Trading Services Sdn. Bhd.	(600,000)	(450,000)
- Encorp Systembilt Sdn. Bhd.	(1,920,000)	(1,920,000)
- Must Ehsan Development Sdn. Bhd.	(600,000)	(600,000)
- Encorp Development Sdn. Bhd.	(1,800,000)	-
Rental payable to (iv) :		
- Encorp Construct Sdn. Bhd.	-	130,000
- Must Ehsan Development Sdn. Bhd.	228,000	104,500
Dividend received from a subsidiary	(11,025,000)	-
Sales of motor vehicle to Great Wall Plastic Industries Berhad ^ (ii)	-	(312,138)
Sale of land held for development		
- Freehold land to a subsidiary (v)	-	(16,115,294)
Acquisition of office suites from a subsidiary (vi)	18,474,804	-
Progress billing in respect of construction work performed by a subsidiary	32,713,541	6,619,449
Advances from corporate shareholder	9,088,524	54,718
(Advances to)/repayment of advances from subsidiaries	(910,000)	481,067
Payments on behalf of subsidiaries	(10,392,847)	(11,733,682)

^ A company in which the Group and the Company's directors have common directorship.

(i) The sale of properties under development to persons/company who are connected to a director and the directors of the Company, were made according to the published prices and conditions offered to the major customers of the Group with a preferential discount rate as approved by the Board of Directors on 21 April 2010.

(ii) The sale of motor vehicle to persons who are connected to a director.

(iii) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable on demand.

(iv) The rental payable to the subsidiaries has been entered into in the normal course of business and is repayable on demand.

35. Related party disclosures (contd.)

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

(v) Pursuant to the terms and conditions of the original sale and purchase agreement ("SPA") dated 1 April 2009, the Company had agreed to sell and a subsidiary, Encorp Development Sdn. Bhd. ("EDSB"), had agreed to purchase 1 plot of freehold land held for development at an agreed consideration sum of RM16,115,294. The sale of land to subsidiary was made according to the terms of the SPA mutually agreed by both parties.

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

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

(b) Compensation of key management personnel

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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Wages and salaries	6,589,266	4,603,701	4,034,722	2,926,542
Social security costs	9,725	6,504	3,992	3,137
Pension cost - defined contribution plans	662,275	462,064	371,660	285,636
Other staff related expenses	36,431	26,163	16,234	22,177
	7,297,697	5,098,432	4,426,608	3,237,492

Included in the total remuneration of key management personnel is:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Directors' remuneration	3,209,694	2,069,622	2,804,497	1,761,994

36. Fair value of financial instruments

A. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	19
Trade and other payables (current)	27
Loans and borrowings (current)	29
Loans and borrowings (non-current)	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from subsidiaries, finance lease obligations and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;

- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and

- The estimated loss exposure if the party guaranteed were to default.

37. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committees. 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.

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

(a) Credit risk (contd.)

Credit risk concentration profile

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

	Group			
	2010		2009	
	RM	% of total	RM	% of total
By industry sectors				
Concessionaire sector	1,124,875,114	95.20%	1,147,207,792	96.10%
Construction sector	31,091,538	2.60%	30,810,671	2.60%
Property development sector	20,882,302	1.80%	13,705,272	1.10%
Trading Sector	5,103,833	0.40%	1,937,626	0.20%
	1,181,952,787	100.00%	1,193,661,361	100.00%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

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

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

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

	2010 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities:				
Trade and other payables	190,230,589	29,438,252	-	219,668,841
Loans and borrowings	62,159,999	197,802,903	915,942,506	1,175,905,408
Total undiscounted financial liabilities	252,390,588	227,241,155	915,942,506	1,395,574,249
Company				
Financial liabilities:				
Trade and other payables	51,712,459	-	-	51,712,459
Loans and borrowings	21,108,156	770,967	-	21,879,123
Total undiscounted financial liabilities	72,820,615	770,967	-	73,591,582

(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 RM39,332 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.

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

(d) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered other than their functional currencies by the subsidiary company.

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.

38. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

38. Capital management (contd.)

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Loans and borrowings	29	1,175,905,408	1,166,514,850	21,879,123	357,423
Trade and other payables	27	219,668,841	195,359,770	51,712,459	30,945,399
Less: Cash and bank balances	25	(39,097,059)	(36,062,976)	(12,344,654)	(9,483,148)
Net debt		1,356,477,190	1,325,811,644	61,246,928	21,819,674
Equity attributable to the owners of the parent		319,543,747	313,428,597	327,796,718	322,846,000
Total capital		319,543,747	313,428,597	327,796,718	322,846,000
Capital and net debt		1,676,020,937	1,639,240,241	389,043,646	344,665,674
Gearing ratio		81%	81%	16%	6%

39. Segment information

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

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

(ii) Concessionaire;

(iii) Construction contracts;

(iv) Property development; and

(v) Trading.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business, and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

39. Segment information (contd.)

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

39. Segment information (contd.)

	Investment holding and the provision of management services RM	Concessionaire RM	Construction contracts RM	Property develop-ment RM	Trading RM	Adjustment and eliminations RM	Notes	Per consolidated financial state-ments RM
2009								
Revenue								
External customers	-	115,342,738	43,044,850	71,076,287	5,441,687	-		234,905,562
Inter-segment	11,340,000	-	9,825,098	-	-	(21,165,098)	A	-
Total revenue	11,340,000	115,342,738	52,869,948	71,076,287	5,441,687	(21,165,098)		234,905,562
Results:								
Interest income	188,469	93,922	112,005	179,672	1,546	-		575,614
Interest expense	(30,902)	(101,866,943)	-	-	-	-		(101,897,845)
Depreciation and amortisation	(467,256)	-	(457,905)	(57,483)	(410)	-		(983,054)
Impairment of goodwill on consolidation	-	-	-	-	-	(7,323,145)		(7,323,145)
Other non-cash income/(expenses)	(151,291)	3,858,311	2,377,634	(539,976)	-	-	B	5,544,678
Segment profit/(loss)	2,400,726	16,506,607	658,985	28,730,022	(74,092)	(12,916,601)	C	35,305,647
Assets:								
Additions to non-current assets	2,320,633	-	328,011	345,851	8,909	-	D	3,003,404
Segment assets	435,992,209	1,312,798,116	59,938,511	233,185,846	2,704,083	(333,548,636)	E	1,711,070,129
						-		
Segment liabilities	53,397,546	1,196,522,934	71,942,556	140,012,801	2,678,177	(94,793,504)	F	1,369,760,510

39. Segment information (contd.)

A Inter-segment revenues were eliminated on consolidation.

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

	Note	2010 RM	2009 RM
Bad debts written off	9	788,664	-
Provision/(write back) of short term accumulating compensated absences	9	23,257	(20,091)
Property, plant and equipment written off	9	-	151,291
Provision for liquidated ascertained damages	9	8,125	539,976
Waiver of debts	7	(372,934)	-
Reversal of consultant claim over provided in prior year	7	-	(3,858,311)
Reversal of provision of unbilled construction works	7	-	(2,357,543)
		447,112	(5,544,678)

C Unallocated corporate expense of RM39,734,574 (2009: RM12,916,601) were deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income.

D Additions to non-current assets consist of :

	2010 RM	2009 RM
Property, plant and equipment	3,804,430	3,003,404
Intangible assets	1,716,123	-
	5,520,553	3,003,404

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

	2010 RM	2009 RM
Deferred tax assets	593,738	2,734,832
Tax recoverable	4,021,345	1,332,638
Inter-segment assets	(345,418,983)	(337,616,106)
	(340,803,900)	(333,548,636)

39. Segment information (contd.)

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

	2010 RM	2009 RM
Loan and borrowings	1,175,905,408	1,166,514,850
Current tax payable	2,721,768	2,708,271
Deferred tax liabilities	870,440	-
Inter-segment liabilities	(1,266,562,372)	(1,264,016,625)
	(87,064,756)	(94,793,504)

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	269,711,708	234,905,562	1,249,726,309	1,283,025,871
	269,711,708	234,905,562	1,249,726,309	1,283,025,871

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

	2010 RM	2009 RM
Property, plant and equipment	6,504,731	6,953,426
Intangible assets	118,579,509	123,155,656
	125,084,240	130,109,082

40. Significant events

(a) Proposed Rights Issue, Proposed Placement, Proposed Increase in Authorised Share Capital, amendment to the Memorandum and Articles of Association

On 12 March 2010, the Company announced the following proposals:

(i) a proposed renounceable rights issue of up to RM111,754,268 nominal value of 5-year 6% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value together with up to 55,877,134 free detachable warrants ("Warrants") on the basis of two (2) RM1 nominal value of RCSLS together with one (1) Warrant for every four (4) existing ordinary shares of RM1each ("Encorp Share(s)") held in the Company on an entitlement date to be determined ("Proposed Rights Issue");

(ii) a proposed placement of up to RM22,350,854 nominal value of RCSLS at 100% of its nominal value together with up to 11,175,427 free detachable Warrants to investor(s) to be identified ("Proposed Placement");

(iii) proposed increase in the authorised share capital of the Company from RM300,000,000 comprising 300,000,000 Encorp Shares to RM500,000,000 comprising 500,000,000 Encorp Shares ("Proposed Increase in Authorised Share Capital"); and

(iv) proposed amendment to the Memorandum and Articles of Association of the Company to facilitate the Proposed Increase in Authorised Share Capital. ("Proposed Amendment to the Memorandum and Articles of Association").

The revisions to the Proposed Rights Issue and Proposed Placement announced on 5 August 2010 are as follows:

(i) a proposed renounceable rights issue of up to RM55,877,134 nominal value of 5-year 6% RCSLS at 100% of its nominal value together with up to 27,938,567 free detachable warrants ("Warrants") on the basis of two (2) RM1 nominal value of RCSLS together with one (1) Warrant for every eight (8) existing ordinary shares of RM1 each ("Encorp Share(s)") held in the Company on an entitlement date to be determined ("Proposed Rights Issue");

(ii) a proposed placement of up to RM11,175,427 nominal value of RCSLS at 100% of its nominal value together with up to 5,587,713 free detachable Warrants to investor(s) to be identified ("Proposed Placement");

(iii) proposed increase in the authorised share capital of the Company from RM300,000,000 comprising 300,000,000 Encorp Shares to RM500,000,000 comprising 500,000,000 Encorp Shares ("Proposed Increase in Authorised Share Capital"); and

(iv) proposed amendment to the Memorandum and Articles of Association of the Company to facilitate the Proposed Increase in Authorised Share Capital. ("Proposed Amendment to the Memorandum and Articles of Association").

40. Significant events (contd.)

(a) Proposed Rights Issue, Proposed Placement, Proposed Increase in Authorised Share Capital, amendment to the Memorandum and Articles of Association (contd.)

The proposals were approved by the relevant authorities during the financial year and subsequently approved by the shareholders on 12 January 2011.

The Rights Issue and the Placement have been completed on 23 March 2011, following the admission of RM65,706,060 nominal value of RCSLS and 32,853,030 Warrants to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the listing and quotation of the aforesaid securities on the Main Market of Bursa Securities on 23 March 2011.

(b) Acquisition of a freehold land by the subsidiary, Encorp Iskandar Development Sdn. Bhd. ("EIDSB")

On 22 April 2010, EIDSB entered into a Sale and Purchase Agreement ("SPA") with UEM Land Berhad for acquisition of a parcel of freehold land located in the Mukim of Pulai, District of Johor Bahru, for a total purchase consideration of RM25,890,322 ("Proposed Acquisition"). The acquisition is pending fulfillment of certain terms and conditions in the SPA.

As at the reporting date, EIDSB has paid a deposit of RM2,589,032 to UEM Land Berhad.

41. Supplemental information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
Realised	148,416	4,273
Unrealised	(307)	-
	148,109	4,273
Total share of retained profits from associated companies:		
Realised	-	-
	148,109	4,273
Less: Consolidation adjustments	(153,804)	-
Total group (accumulated losses)/retained profits as per consolidated accounts	(5,695)	4,273

LIST OF PROPERTIES

LOCATION	DESCRIPTION AND EXISTING USE	LAND AREA (sq. m)	BUILD-UP (sq.m)	AGE OF BUILDING	NET BOOK VALUE AS AT 31.12.10 (RM)	YEAR OF ACQUISITION
Properties Under Development & Land Held for Development						
Lot 8093 (Seksyen U12), Shah Alam, Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 28/03/2104)	763,926	N/A	N/A	47,407	2000
PB1, Kota Damansara Town Centre, Selangor Darul Ehsan	Commercial land held for property develop-ment (99 years lease expiring on 14/11/2107)	120,681	N/A	N/A	22,163	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	N/A	N/A	16,115	2008
Overseas Properties Under Development & Land Held for Development						
67 Canning Highway, Victoria Park, Australia being Lots 35 to 41 on Plan 1741	Freehold land held for property development	3,399	N/A	N/A	16,467	2010
Commercial office space*						
PN 21876/M1/17/16, Bandar Shah Alam, Daerah Petaling, Selangor, Level 18, Wisma SunwayMas, No. 1, Jalan Tengku Ampuan Zabedah C9/C, Section 9, 40100 Shah Alam, Selangor Darul Ehsan	Office building (99 years lease expiring on 29/08/2094)	N/A	1,505	11.5	2,949	2000

* The property was disposed on 28 January 2011.

ANALYSIS OF SHAREHOLDINGS AS AT 21 APRIL 2011

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

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

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Shareholdings
1-99	80	2.36	729	0.00
100 – 1,000	365	10.76	308,660	0.14
1,001 – 10,000	2,255	66.50	9,803,215	4.49
10,001 – 100,000	588	17.34	18,109,896	8.30
100,001 – less than 5% of issued shares	99	2.92	55,767,005	25.57
5% and above of issued shares	4	0.12	134,133,031	61.49
TOTAL	**3,391**	**100.00**	**218,122,536**	**100.00**

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	30.55	-	-
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036 (1)	30.55
Efeida binti Mohd Effendi	-	-	66,636,036 (2)	30.55
Tan Sri Datuk (Dr) Omar bin Abdul Rahman	-	-	66,636,036 (3)	30.55
Datuk Ramli bin Shamsudin	-	-	66,636,036 (3)	30.55
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-
Azhar bin Mohd Awal	-	-	40,000,000 (4)	18.34
Azman Hanafi bin Abdullah	-	-	40,000,000 (4)	18.34
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-
Abang Ariffin Bin Abang Bohan	-	-	43,752,000 (5)	20.06
Taufiq bin Abdul Khalid	-	-	43,752,000 (5)	20.06

1. Deemed interest through Lavista Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
2. Deemed substantial interest through the substantial shareholdings in Lavista Sdn. Bhd. held by her and persons connected to her.
3. Deemed interest by virtue of their substantial shareholdings in Lavista Sdn. Bhd. held by them in trust.
4. Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.
5. Deemed interest by virtue of their substantial shareholdings in Pegang Impian Holdings Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS

Directors	Shareholdings				
	Note	Direct No. of Shares	%	Indirect No. of Shares	%
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	a	-	-	66,636,036	30.55
Efeida binti Mohd Effendi	b	-	-	66,636,036	30.55
Datuk Ramli bin Shamsudin	c	-	-	66,636,036	30.55
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		2,278,000	1.04	-	-
Datuk Fong Joo Chung		-	-	-	-
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)		-	-	-	-
Dato' Marcus Kam Kok Fei		20,000	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-

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

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

c. By virtue of his substantial shareholdings in Lavista Sdn. Bhd. held by him in trust.

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (as at 21 April 2011)

No.	Name	No. of Shares	%
1.	LAVISTA SDN. BHD.	57,381,031	26.31
2.	ANJAKAN MASYHUR SDN. BHD.	40,000,000	18.34
3.	UOBM NOMINEES (TEMPATAN) SDN. BHD. for Pegang Impian Holdings Sdn. Bhd.	22,900,000	10.50
4.	PEGANG IMPIAN HOLDINGS SDN. BHD.	13,852,000	6.35
5.	UOBM NOMINEES (TEMPATAN) SDN. BHD. for Lavista Sdn. Bhd.	9,255,005	4.24
6.	PEGANG IMPIAN HOLDINGS SDN. BHD.	7,000,000	3.21
7.	ROBIN LO BING	3,466,500	1.59
8.	MERIT ICON SDN. BHD.	2,959,500	1.36
9.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Avenue Invest Berhad for Kumpulan Wang Persaraan (Diperbadankan) (E00170-220136)	2,924,600	1.34
10.	NG YOKE YEN	2,571,600	1.18
11.	DATUK (DR) PHILIP TING DING ING	2,278,000	1.04
12.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chew Pok Oi	2,132,400	0.98
13.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Siva Kumar A/L M. Jeyapalan (REM 118-MARGIN)	1,400,000	0.64
14.	ONG SAY KIAT	1,120,000	0.51
15.	KIU CHIONG CHIN	1,023,300	0.47
16.	KOH KIN LIP	1,000,000	0.46
17.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Tan Siong An (470676)	750,000	0.34
18.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	735,500	0.34
19.	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB Bank for Lim Geok Eng Mary (MY0955)	508,500	0.23

No.	Name	No. of Shares	%
20.	SIVA KUMAR A/L M JEYAPALAN	500,000	0.23
21.	EE BENG YEE	471,500	0.22
22.	TA SECURITIES HOLDINGS BERHAD IVT (DDG)	465,000	0.21
23.	NG YOK LEE	429,200	0.20
24.	AMBANK (M) BERHAD Pledged Securities Account for Ng Leong Huat (Smart)	400,000	0.18
25.	AIBB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Soo Pin @ Lim Ah Lek	370,400	0.17
26.	OSK NOMINEES (ASING) SDN. BERHAD Kim Eng Securities Pte. Ltd. for Exquisite Holdings Limited	357,500	0.16
27.	LAI MING CHUN @ LAI POH LIN	348,500	0.16
28.	WONG KUI TOH	334,100	0.15
29.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Tan Chau	321,000	0.15
30.	LEE BOON LENG	300,000	0.14

TOTAL		**177,555,136**	**81.40**

ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS (RCSLS) HOLDINGS AS AT 21 APRIL 2011

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

Size of RCSLS Holdings	No. of RCSLS Holders	%	No. of RCSLS	% of RCSLS Holdings
1 – 99	4	0.61	153	0.00
100 – 1,000	148	22.53	92,802	0.14
1,001 – 10,000	377	57.38	1,319,250	2.01
10,001 – 100,000	104	15.83	3,620,600	5.51
100,001 – less than 5% of issued RCSLS	21	3.20	11,900,820	18.11
5% and above of issued RCSLS	3	0.46	48,772,435	74.23
TOTAL	**657**	**100.00**	**65,706,060**	**100.00**

LIST OF DIRECTORS' RCSLS HOLDINGS

Directors	RCSLS Holdings				
	Note	Direct No. of RCSLS	%	Indirect No. of RCSLS	%
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	a	-	-	16,659,009	25.35
Efeida binti Mohd Effendi	b	-	-	16,659,009	25.35
Datuk Ramli bin Shamsudin	c	-	-	16,659,009	25.35
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		569,500	0.87	-	-
Datuk Fong Joo Chung		-	-	-	-
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)		-	-	-	-
Dato' Marcus Kam Kok Fei		5,000	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-

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

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

c. By virtue of his substantial shareholdings in Lavista Sdn. Bhd. held by him in trust.

LIST OF 30 LARGEST RCSLS HOLDERS (as at 21 April 2011)

No.	Name of RCSLS Holders	No. of RCSLS	%
1.	UOBM NOMINEES (TEMPATAN) SDN. BHD. for Pegang Impian Holdings Sdn. Bhd.	20,938,000	31.87
2.	UOBM NOMINEES (TEMPATAN) SDN. BHD. for Lavista Sdn. Bhd.	16,659,009	25.35
3.	UOBM NOMINEES (ASING) SDN. BHD. TOIC Investments Ltd	11,175,426	17.01
4.	SIVA KUMAR A/L M JEYAPALAN	2,038,200	3.10
5.	NG HO FATT	1,484,100	2.26
6.	NG WAI YUAN	1,246,345	1.90
7.	TEO YONG FONG	1,066,200	1.62
8.	ROBIN LO BING	866,625	1.32
9.	NG YOKE YEN	765,425	1.16
10.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Diana Teo May Ling (MY0649)	748,000	1.14
11.	DATUK (DR) PHILIP TING DING ING	569,500	0.87
12.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chiew Pok Oi	524,100	0.80
13.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Siva Kumar A/L M. Jeyapalan (REM118-MARGIN)	350,000	0.53
14.	ONG SAY KIAT	280,000	0.43
15.	CHUNG MAY MIN @ CHUNG MAY LIN	263,000	0.40
16.	KIU CHIONG CHIN	255,825	0.39
17.	SUNTHARALINGAM A/L V VELUPPILLAI	250,000	0.38
18.	EU MUI @ EE SOO MEI	220,000	0.33
19.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Thooi Meng Aun	210,000	0.32
20.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Tan Siong An (470676)	187,500	0.29
21.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa (472602)	174,000	0.26
22.	HO OOI MIEW	150,000	0.23
23.	HO OI SEONG	144,700	0.22
24.	NG YOK LEE	107,300	0.16
25.	AMBANK (M) BERHAD Pledge Securities Account for Ng Leong Huat (Smart)	100,000	0.15
26.	DYNAQUEST SDN. BERHAD	100,000	0.15
27.	JOHAN BIN ARIFFIN	98,200	0.15
28.	POH WEE HOW	90,000	0.14
29.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN. BHD. Pledge Securities Account for Koay Yan Wah (M)	90,000	0.14
30.	LOH YEM PHOI	88,000	0.13
	TOTAL	61,239,455	93.20

ANALYSIS OF WARRANTS HOLDINGS AS AT 21 APRIL 2011

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	30	4.62	1,206	0.00
100 – 1,000	260	40.00	146,471	0.45
1,001 – 10,000	251	38.62	879,448	2.68
10,001 – 100,000	92	14.15	2,936,411	8.94
100,001 – less than 5% of issued Warrants	14	2.15	4,503,276	13.71
5% and above of issued Warrants	3	0.46	24,386,218	74.23
TOTAL	**650**	**100.00**	**32,853,030**	**100.00**

LIST OF DIRECTORS' WARRANTS HOLDINGS

Directors	Warrants Holdings				
	Note	Direct No. of Warrants	%	Indirect No. of Warrants	%
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	a	-	-	8,329,505	25.35
Efeida binti Mohd Effendi	b	-	-	8,329,505	25.35
Datuk Ramli bin Shamsudin	c	-	-	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		-	-	-	-
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)		-	-	-	-
Dato' Marcus Kam Kok Fei		2,500	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim		-	-	-	-

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

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

c. By virtue of his substantial shareholdings in Lavista Sdn. Bhd. held by him in trust.

LIST OF 30 LARGEST WARRANTS HOLDERS (as at 21 April 2011)

No.	Name of Warrants Holders	No. of Warrants	%
1.	UOBM NOMINEES (TEMPATAN) SDN. BHD. for Pegang Impian Holdings Sdn. Bhd.	10,469,000	31.87
2.	UOBM NOMINEES (TEMPATAN) SDN. BHD. for Lavista Sdn. Bhd.	8,329,505	25.35
3.	UOBM NOMINEES (ASING) SDN. BHD. TOIC Investments Ltd	5,587,713	17.01
4.	JS NOMINEES (ASING) SDN. BHD. Quebec Investment Limited (QU050)	747,800	2.28
5.	NG HO FATT	700,000	2.13
6.	TEO YONG FONG	533,100	1.62
7.	ROBIN LO BING	433,313	1.32
8.	LIM JIUN HSIUNG	300,000	0.91
9.	DATUK (DR) PHILIP TING DING ING	284,750	0.87
10.	AFFIN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Tan Boon Pock (TAN 6190M)	250,000	0.76
11.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Tan Chin Hooi (MP0137)	230,000	0.70
12.	LEE MEE KUEN	230,000	0.70
13.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ho Siew Lin (REM 128)	200,000	0.61
14.	TAN KEAN HOCK	200,000	0.61
15.	LIM CHUNG KEE	156,400	0.48
16.	KIU CHIONG CHIN	127,913	0.39
17.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Chong Hwa Jau (M78021)	110,000	0.33
18.	A.A. ANTHONY NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chan Chin Sun	100,000	0.30
19.	CHONG MONG YUEN	100,000	0.30
20.	JS NOMINEES (ASING) SDN. BHD. Richmond State Corporation (R1058)	100,000	0.30
21.	TA NOMINEES (ASING) SDN. BHD. Pledged Securities Account for Charles Ross Mckinnon	100,000	0.30
22.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Tan Siong An (470676)	93,750	0.29
23.	ONG LOO CHOON	85,000	0.26
24.	WU NGE PENG	67,100	0.20
25.	WANG GUEK LAH	61,000	0.19
26.	YEAP KHOO SOON EDWIN	59,900	0.18
27.	NG WAI YUAN	56,873	0.17
28.	YAP TECK LONG	53,750	0.16
29.	DAN YOKE PYNG	50,650	0.15
30.	AMBANK (M) BERHAD Pledge Securities Account for Ng Leong Huat (Smart)	50,000	0.15
	TOTAL	**29,867,517**	**90.89**

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 2010, the retained profits and share premium account of the Company stood at RM4.3 million and RM104.6 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 the repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s).

In the event that the Company intends to purchase its own shares using external borrowings, the Board of Directors shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of Encorp group of companies.

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

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of Encorp as at 21 April 2011 on the assumption that Shares are purchased from shareholders other than the Directors are set out below:

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

Directors	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back (1)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036 (2)	30.55	-	-	66,636,036 (2)	33.13
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.04	-	-	2,278,000	1.13	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-
Efeida binti Mohd Effendi	-	-	66,636,036 (3)	30.55	-	-	66,636,036 (3)	33.13
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-
Datuk Ramli bin Shamsudin	-	-	66,636,036 (4)	30.55	-	-	66,636,036 (4)	33.13
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)	-	-	-	-	-	-	-	-
Dato' Marcus Kam Kok Fei	20,000	0.01	-	-	20,000	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-

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

Directors	Before Proposed Renewal of Authority for Share Buy-Back				Proforma I : Assuming full conversion of RCSLS and full exercise of Warrants				After Proforma I and Proposed Renewal of Authority for Share Buy-Back[1]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036[2]	30.55	-	-	91,624,550[2]	28.93	-	-	91,624,550[2]	31.61
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.04	-	-	3,132,250	0.99	-	-	3,132,250	1.08	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-	-	-	-	-
Efeida binti Mohd Effendi	-	-	66,636,036[3]	30.55	-	-	91,624,550[3]	28.93	-	-	91,624,550[3]	31.61
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Ramli bin Shamsudin	-	-	66,636,036[4]	30.55	-	-	91,624,550[4]	28.93	-	-	91,624,550[4]	31.61
Datuk Dr Zainal Aznam bin Mohd Yusof (deceased on 30 April 2011)	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Marcus Kam Kok Fei	20,000	0.01	-	-	20,000	0.01	-	-	20,000	0.01	-	-
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-	-	-	-	-

1 Assuming that 10% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares in total.

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

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

4 Deemed interest by virtue of his substantial shareholdings in Lavista Sdn. Bhd. held by him in trust.

The proforma effects of the proposed share buy-back on the shareholdings of the major shareholders in Encorp as at 21 April 2011 on the assumption that Shares are purchased from shareholders other than the major shareholders are set out below:

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

Major Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back[#]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	30.55	-	-	66,636,036	33.13	-	-
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036[1]	30.55	-	-	66,636,036[1]	33.13
Efeida binti Mohd Effendi	-	-	66,636,036[2]	30.55	-	-	66,636,036[2]	33.13
Tan Sri Datuk (Dr) Omar bin Abdul Rahman	-	-	66,636,036[3]	30.55	-	-	66,636,036[3]	33.13
Datuk Ramli bin Shamsudin	-	-	66,636,036[3]	30.55	-	-	66,636,036[3]	33.13
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-	40,000,000	19.88	-	-
Azhar bin Mohd Awal	-	-	40,000,000[4]	18.34	-	-	40,000,000[4]	19.88
Azman Hanafi bin Abdullah	-	-	40,000,000[4]	18.34	-	-	40,000,000[4]	19.88
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-	43,752,000	21.75	-	-
Abang Ariffin Bin Abang Bohan	-	-	43,752,000[5]	20.06	-	-	43,752,000[5]	21.75
Taufiq bin Abdul Khalid	-	-	43,752,000[5]	20.06	-	-	43,752,000[5]	21.75

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

Major Shareholders	Before Proposed Renewal of Authority for Share Buy-Back				Proforma I : Assuming full conversion of RCSLS and full exercise of Warrants				After Proforma I and Proposed Renewal of Authority for Share Buy-Back#			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lavista Sdn. Bhd.	66,636,036	30.55	-	-	91,624,550	28.93	-	-	91,624,550	31.61	-	-
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036 [1]	30.55	-	-	91,624,550 [1]	28.93	-	-	91,624,550 [1]	31.61
Efeida binti Mohd Effendi	-	-	66,636,036 [2]	30.55	-	-	91,624,550 [2]	28.93	-	-	91,624,550 [2]	31.61
Tan Sri Datuk (Dr) Omar bin Abdul Rahman	-	-	66,636,036 [3]	30.55	-	-	91,624,550 [3]	28.93	-	-	91,624,550 [3]	31.61
Datuk Ramli bin Shamsudin	-	-	66,636,036 [3]	30.55	-	-	91,624,550 [3]	28.93	-	-	91,624,550 [3]	31.61
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.34	-	-	40,000,000	12.63	-	-	40,000,000	13.80	-	-
Azhar bin Mohd Awal	-	-	40,000,000 [4]	18.34	-	-	40,000,000 [4]	12.63	-	-	40,000,000 [4]	13.80
Azman Hanafi bin Abdullah	-	-	40,000,000 [4]	18.34	-	-	40,000,000 [4]	12.63	-	-	40,000,000 [4]	13.80
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.06	-	-	75,159,000	23.73	-	-	75,159,000	25.93	-	-
Abang Ariffin Bin Abang Bohan	-	-	43,752,000 [5]	20.06	-	-	75,159,000 [5]	23.73	-	-	75,159,000 [5]	25.93
Taufiq bin Abdul Khalid	-	-	43,752,000 [5]	20.06	-	-	75,159,000 [5]	23.73	-	-	75,159,000 [5]	25.93

Assuming that 10% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares in total.

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

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

3 Deemed interest by virtue of their substantial shareholdings in Lavista Sdn. Bhd. held by them in trust.

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

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

6. Potential Advantages and Disadvantages of the Proposed Renewal of Authority for Share Buy-Back

Potential advantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are stated in Section 2 above.

Potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are as follows:

(a) it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive Encorp Group of interest income that can be derived from the funds utilised for the Share Buy-Back; and

(b) as the Share Buy-Back can only be made out of retained profits and share premium of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of the Company and of the resultant impact on its shareholders. The Board of Directors in exercising any decision on the share buy-back will be mindful of the interest of the Company and its shareholders.

7. Financial Effects of the Proposed Renewal of Authority for Share Buy-Back

On the assumption that the share buy-back is carried out in full, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, net asset per share (NA), working capital and earnings per share (EPS) of the Company are set out below:

(a) Share capital

The effects of any purchase of the Company's own Encorp Shares will depend on whether the Encorp Shares so purchased are cancelled or retained as treasury shares.

The proposed share buy-back will not have any effect on the issued and paid-up share capital if all the Encorp Shares purchased are to be retained as treasury shares, re-sold or distributed to our shareholders.

The proposed share buy-back will however, result in the reduction of the issued and paid-up share capital if the Encorp Shares so purchased are cancelled. The proforma effects of the proposed share buy-back based on the issued and paid-up share capital as at 21 April 2011 and assuming the Encorp Shares so purchased are cancelled are set out below:

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

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

	Scenario I No. of Encorp Shares	**Scenario II No. of Encorp Shares**
Existing issued and paid-up share capital as at 21 April 2011	223,508,536	223,508,536
To be issued pursuant to:		
- full conversion of RCSLS	-	65,706,061
- full exercise of Warrants	-	32,853,030
Enlarged issued and paid up share capital	223,508,536	322,067,627
Treasury shares as at 21 April 2011	(5,386,000)	(5,386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(16,964,854)	(26,820,763)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	201,157,682	289,860,864

(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 realized. 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 2010, the Company had not declared any Dividend.

Assuming the proposed share buy-back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the share buy-back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued and paid-up share capital of the Company.

The proposed share buy-back may have an adverse impact on the Company's dividend policy for the financial year ending 31 December 2010 as it would reduce the cash available, which may otherwise be used for dividend payment. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

(f) Shareholdings

The effect of the proposed share buy-back on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased, if any, and their actual shareholdings at the time of such purchase.

Please refer to Section 5 above for further details on the shareholding structure of Directors and substantial shareholders of the Company.

8. Implication Under the Malaysian Code on Take-Overs and Mergers 2010 (the "Code")

In the event the proposed share buy-back results in any director(s), substantial shareholder(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining Encorp shares not held by him/them.

However, an approval may be sought from the Securities Commission by the affected director(s) or substantial shareholder(s) for exemption under Paragraph 24 of Practice Note 9 of the Code before a mandatory offer obligation is triggered.

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

In the preceding twelve (12) months and as at 21 April 2011, the Company repurchased 165,000 of its own shares, the details which are as set out below. All of shares bought back by the Company are held as treasury shares. The Company also resold 5,042,000 shares held as treasury shares. As per the Record of Depositors as at 21 April 2011, a total of 5,386,000 shares were held as treasury shares :

Date of Purchase	No. of Shares Purchased/ (resold)	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration/ Sale Proceeds (RM)
07/01/2010	60,000	0.990	1.000	0.995	59,700.00
11/01/2010	35,000	0.990	1.000	0.995	34,850.00
02/03/2010	50,000	0.970	0.970	0.970	48,500.00
08/03/2010	20,000	0.930	0.950	0.940	18,800.00
05/05/2010	(5,042,000)	1.05	1.11	1.05	5,295,740.00

10. Public Shareholding Spread

As at 21 April 2011, the public shareholding spread of Encorp was 27.03%. The public shareholding spread is expected to be reduced to 21.69% assuming the share buy-back is 22,350,854 Encorp Shares (min scenario) and 24.81% assuming the share buy-back is 32,206,763 Encorp Shares (max scenario) and all the Encorp Shares so purchased are cancelled. The Company will not undertake any share buy-back if that will result in a breach of paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities, which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of Encorp Shares by the Company.

11. Directors’ Statement

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the proposed share buy-back, the Board of Directors is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is fair, reasonable and in the best interest of the Company.

12. Directors’ Recommendation

The Board of Directors recommends that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming AGM.

13. Other Information

There is no other information concerning the Proposed Renewal of Authority for Share Buy-Back as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Authority for Share Buy-Back and the extent of the risks involved in doing so.

In Batu Feringghi, a high-end, Mediterranean-style residential project is in the making. This project will take innovation at Encorp to a new level,

Batu Ferringhi - Penang

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

PROXY FORM

No. of shares held	

I / We ____NRIC No. ______________________of________________________
____

being a member /members of ENCORP BERHAD, hereby appoint ____of________
_________________________or failing him, ____ of ____________________
___________________________________ or failing him the Chairman of the Meeting as my / our proxy to vote for me / us and on my / our behalf at the Eleventh Annual General Meeting of the Company, to be held on Wednesday, 22 June 2011 at 2.30 p.m. at Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak and at any adjournment thereof.

ORDINARY BUSINESS

	FOR	AGAINST
1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.		
2. To approve the payment of Directors' Fees for the financial year ended 31 December 2010.		
3. To re-appoint Dato' Chew Kong Seng @ Chew Kong Huat, who shall retire pursuant to Section 129(6) of the Companies Act, 1965.		
4. To re-elect Pn Efeida Binti Mohd Effendi who shall retire in accordance with Article 81 of the Company's Articles of Association.		
5. To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration.		
SPECIAL BUSINESS		
6. Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
7. Proposed renewal of authority for share buy-back.		

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

As witness my / our hand(s) this _________ day of ______________ 2011.

Signature _________________________

Notes:

1. *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.*

2. *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.*

3. *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.*

4. *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.*

5. *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

No. 45G, Jalan PJU 5/21, The Strand Encorp, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan
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