

REDEFINING EXPERIENCE

ENCORP BERHAD

(506836-X)

annual report

2009

THE ENCORP EXPERIENCE

Corporations most in tune with their own culture and the needs of their customers are the ones that thrive. 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. Yet good ideas are common – what is uncommon is finding people who will dedicate themselves to transforming them into realities.

Our stated goal has always to be benchmarked as the best in Malaysia. Our core belief is to plan for today and build for tomorrow. To achieve this, we guard our competitive advantage by consistently delivering a better experience that will redefine the Encorp experience to all our stakeholder groups. The formula for this is deceptively simple; contented employees work to create environments for happy home owners, satisfied commercial tenants and delighted consumers.

Individually, we are one drop. Together, we are an ocean.



We Are Constantly Thinking, Imagineering and Creating - The ENCORP Experience.

The Highest Quality Offering; the Greatest Value for Money.

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Working Together as One - The ENCORP Experience.

To our Staff: An ongoing experience that drives our people to always deliver the highest quality products and services. We believe in the partnership of a happy, highly motivated staff empowered by a caring and supportive leadership backed by the best management practices, systems and processes.



GROUP FINANCIAL SUMMARY

	2005 RM '000	2006 RM '000	2007 RM '000	2008 RM '000	2009 RM '000
Earnings					
Revenue	114,546	143,126	328,711	287,510	234,906
Profit/(loss) before tax	2,795	-119,806	111,324	70,722	35,306
Profit/(loss) after tax	3,506	-122,988	77,503	52,858	26,893
Profit/(loss) attributable to ordinary equity holders of the parent Company	3,595	-124,843	69,301	36,559	20,485
Profit attributable to minority interests	-89	1,856	8,202	16,299	6,408
Equity					
Paid-up capital	223,509	223,509	223,509	223,509	223,509
Share Premium	103,563	103,563	103,563	103,563	103,563
Minority Interests	-	1,856	6,838	23,138	27,881
Employment of Assets					
Net Assets attributable to ordinary equity holders of the parent Company	350,577	225,733	286,876	294,934	313,429
Intangible assets	197,003	153,205	140,879	130,479	123,156
Cash & Cash equivalents	67,600	53,445	235,594	81,316	36,063
Per share					
Earnings/(loss) per share attributable to equity holders of the Company (Sen)	1.61	-55.86	31.01	16.66	9.57
Net assets per share attributable to ordinary equity holders of the parent Company (RM)	1.57	1.01	1.28	1.34	1.46
Dividends					
Gross dividends rate (%)	-	-	5.27	-	-
Single-tier exempt dividends rate (%)	-	-	4.73	5.00	5.00
Total (%)	-	-	10.00	5.00	5.00
Net Dividends rate (%)	-	-	8.58	5.00	5.00

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

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of ENCORP BERHAD will be held on Wednesday, 23 June 2010 at 2.30 p.m. at **Taj Mahal Room, Pullman Kuching, No. 1A, Jalan Mathies, 93100 Kuching, Sarawak** for the following purposes:

AGENDA

1	To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.	(Resolution 1)
2	To declare a single tier final dividend of 5% per ordinary share in respect of the financial year ended 31 December 2009.	(Resolution 2)
3	To approve the payment of Directors' fees for the financial year ended 31 December 2009.	(Resolution 3)
4	To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: *"That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Chew Kong Seng @ Chew Kong Huat, who has exceeded the age of seventy (70) years, be re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."*	(Resolution 4)
5	To re-elect the following Directors who retire in accordance with Article 81 of the Articles of Association of the Company: (a) Datuk (Dr) Philip Ting Ding Ing (b) Datuk Fong Joo Chung	(Resolution 5) (Resolution 6)
6	To re-elect the following Directors who retire in accordance with Article 88 of the Articles of Association of the Company: (a) YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	(Resolution 7)

(b) Dato' Marcus Kam Kok Fei (Resolution 8)
(c) Datuk Dr Md Hamzah bin Md Kassim (Resolution 9)

7 To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration. (Resolution 10)

8 **As Special Business:**
To consider and, if thought fit, to pass the following ordinary resolutions:

Ordinary Resolution 1
- 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; 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." (Resolution 11)

Ordinary Resolution 2
- 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 Malaysia Securities Berhad ("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 AGM 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." (Resolution 12)

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the single tier final dividend of 5% per ordinary share in respect of the financial year ended 31 December 2009 will be payable on 30 July 2010 to depositors whose names appear in the Record of Depositors at the close of business on 16 July 2010 if approved by the members at the Tenth Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of :

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 July 2010 in respect of ordinary transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

LEE LAY HONG
(LS 0008444)
Company Secretary

Kuching
1 June 2010

Explanatory Notes to Special Business:

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

   The above Ordinary Resolution 1 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 1, 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 Ninth Annual General Meeting held on 24 June 2009 and which will lapse at the conclusion of the Tenth Annual General Meeting to be held on 23 June 2010.

   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 2 is intended to renew the authority granted by the shareholders of the Company at the Ninth Annual General Meeting held on 24 June 2009. 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 Tenth Annual General Meeting of the Company.

Camellia @ Encorp Cahaya Alam





Integrity, Inspiration, Innovation - The ENCORP experience.

To our Investors: An investment experience with Encorp is a rich and rewarding one that constantly delivers outstanding results from a professional and dedicated team.

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 transformation from its mission to be a great company from a good company (Good to Great, 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 providing unbeatable Quality, Standard, 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 fulfilment of Encorp's vision are four signature property development projects. These are Encorp Strand in Kota Damansara, Encorp Cahaya Alam in Shah Alam, U10 Caravan Serai in Section U10 Shah Alam and a project of hillside villas in Batu Feringghi, Penang, plus its latest land bank acquisition in the nation's upcoming premier waterfront precinct of Puteri Harbour.

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 undertaken for the Ministry of Education Malaysia.

Among other projects under this arm include the construction, upgrading and refurbishment 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 of providing the best for its customers, investors and employees.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Efeida binti Mohd Effendi
Non-Independent,
Executive Director

Datuk Ramli bin Shamsudin
Non-Independent,
Executive Director

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

Datuk Fong Joo Chung
Independent,
Non-Executive Director

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

Datuk Dr Zainal Aznam bin Mohd Yusof
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

Datuk (Dr) Philip Ting Ding Ing	*Chairman*
Dato' Chew Kong Seng @ Chew Kong Huat	*Member*
Datuk Dr Zainal Aznam bin Mohd Yusof	*Member*

NOMINATION COMMITTEE

Datuk Dr Zainal Aznam bin Mohd Yusof	*Chairman*
Datuk Fong Joo Chung	*Member*
Datuk (Dr) Philip Ting Ding Ing	*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

PRINCIPAL BANKERS
RHB Bank Berhad
United Overseas Bank (M) Berhad
CIMB Bank Berhad
Bank Rakyat Berhad

AUDITORS
Ernst & Young (AF: 0039)

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

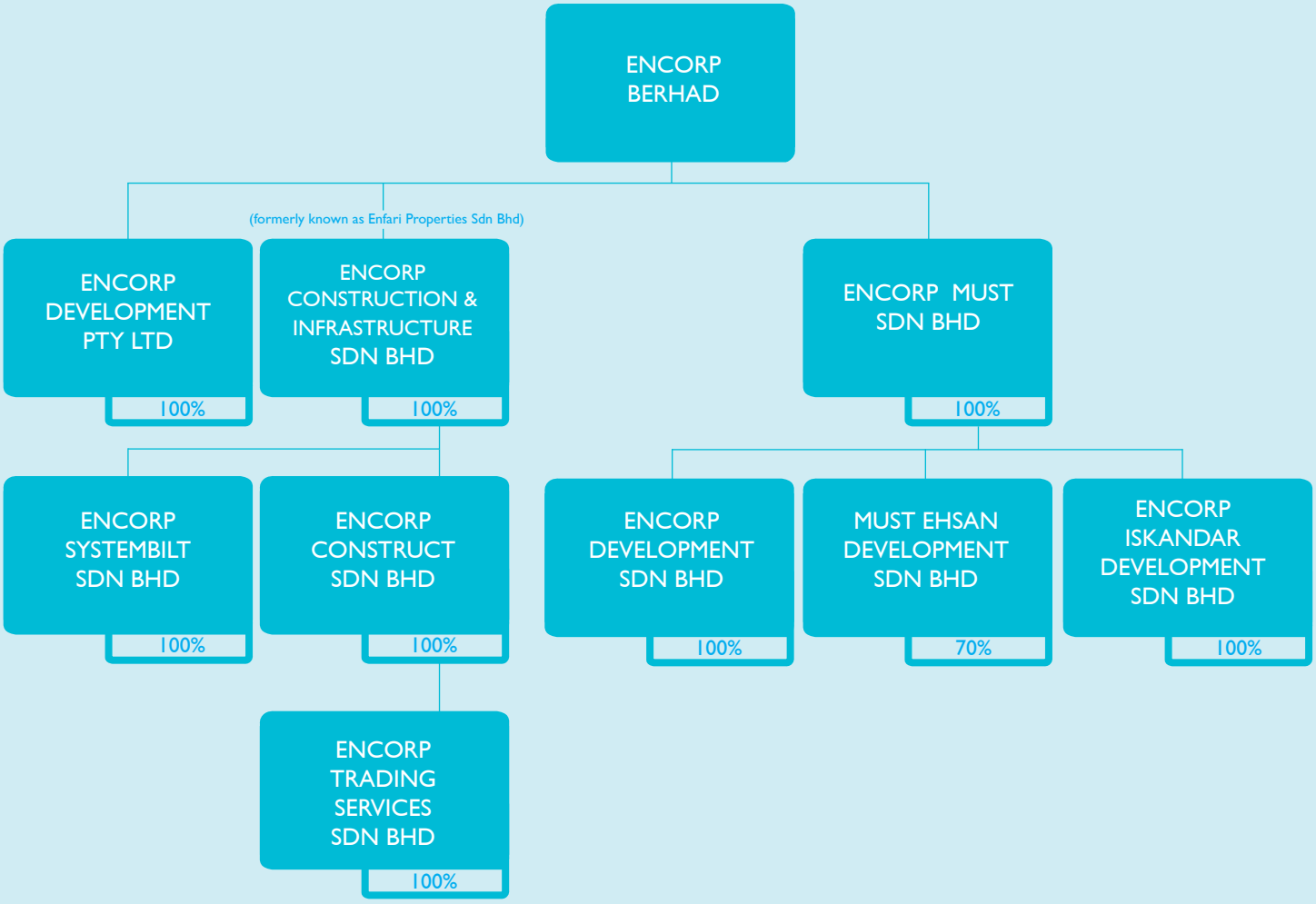
STOCK EXCHANGE LISTING
Main Market, Bursa Malaysia Securities Berhad
Stock Code: ENCORP
Stock Number : 6076

Encorp Strand



Artist's Impression

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 (formerly known as Enfari Properties 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

Garden Office @ Encorp Strand



Artist's Impression

VISION, MISSION & VALUES

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

ENCORP'S MISSION
EB Good 2 Great From Now!

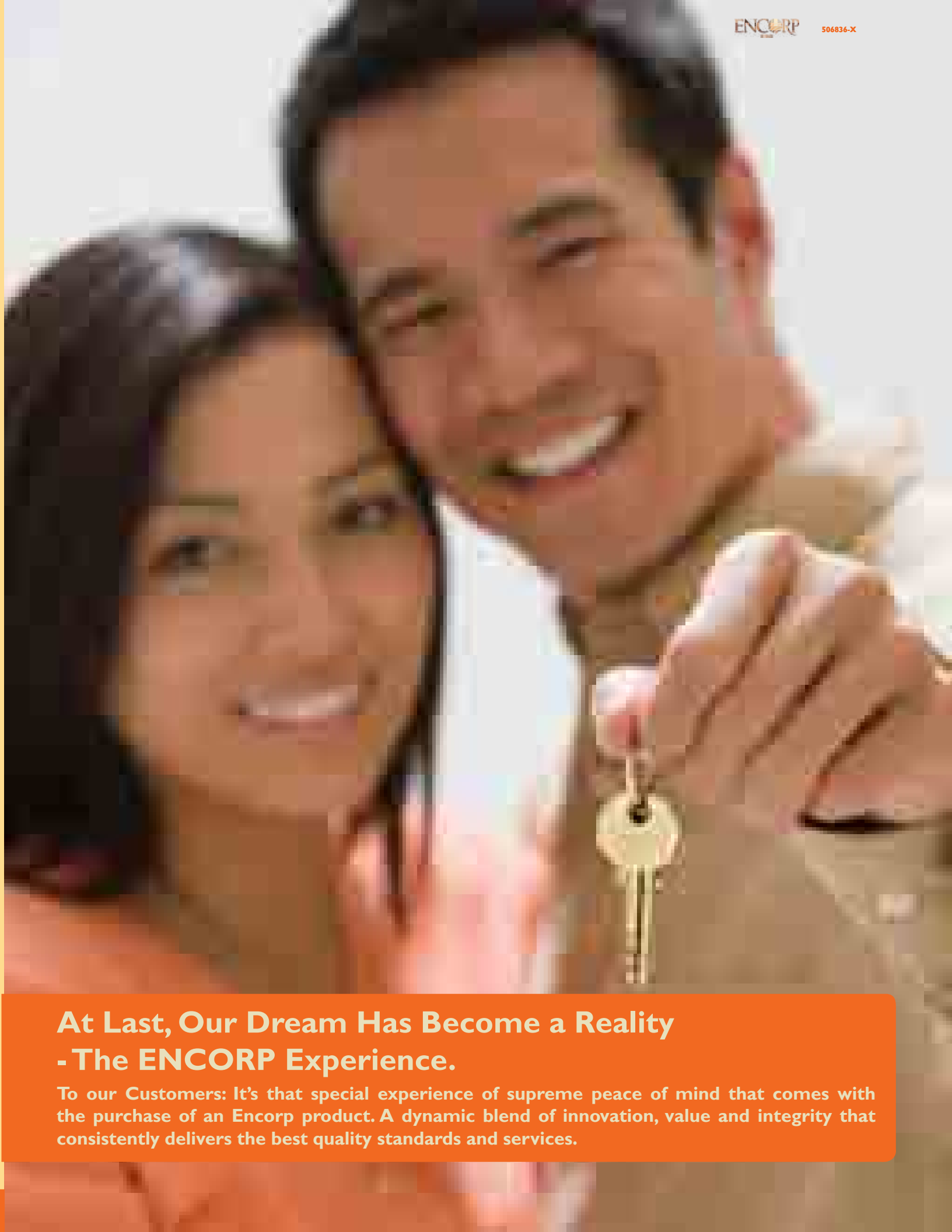
ENCORP'S CORE VALUES

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 will 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 can not progress.



At Last, Our Dream Has Become a Reality - The ENCORP Experience.

To our Customers: It's that special experience of supreme peace of mind that comes with the purchase of an Encorp product. A dynamic blend of innovation, value and integrity that consistently delivers the best quality standards and services.

CORPORATE RESPONSIBILITY

It is our belief in Encorp that for us to achieve a long-term sustainable business success, we must create value not only for our shareholders but also for society.

The concept of family in Encorp begins with our employees – those behind the desk, at our corporate offices and also those at the various project sites. We hope to enlarge our family by sharing the Encorp Experience with our valued shareholders, associates, service providers and most definitely our customers who put their trust in our products and eventually, in us. Ultimately the Encorp family also extends to the social and business communities that grow from our various projects.

Through the creation of shared value, we welcome inputs and feedbacks from every member of the Encorp family. Only through this openness, the true Encorp Experience can be achieved. In due course, we plan to bring together daily business operations to meet the long-term value both for both the business and society as a whole. Our G2G (Good to Great) credo and pursuit of QSVS (Quality Standard, Value and Service) are our guide to success. Success to us is defined in terms of internal financial returns yet emphasised with external social and economic results.

OUR PASSION FOR THE ENVIRONMENT

At our workplace

Encorp's Corporate Social Responsibility (CSR) efforts are geared towards enriching the quality of life and also delivering sustainable value to the environment and the community around us. At our project sites, we continuously seek to conform to the environmental requirements set by the relevant authorities. In our property development projects, sufficient flood mitigation measures are in place and there is ongoing water quality monitoring. For the larger projects sites, an Environmental Management Plan is implemented and monthly reports are submitted to the Department of Environment. We ensure compliance with all Environmental Impact Assessment requirements, procedures and regulatory requirements on Environment Protection and Safety, the Environmental Management Plan and ISO 14001.

Through our own initiatives, we establish activities and measures to underline our commitment towards the care of the environment. We continue to go the extra mile by using environmentally friendly construction materials on-site, such as timber-based block-out for service ducts instead of polystyrene. At the same time, effective stocktaking procedures are implemented to reduce wastages of building materials.

Creating awareness

Encorp supports the work of World Wide Fund for Nature (WWF) in their cause to inspire millions of people worldwide to help save our oceans, endangered species and the environment. With this cause firmly entrenched in our sense of purpose, Encorp pledged 50% of the purchase cost of Encorp 2009 Hari Raya greeting cards to be donated to WWF Malaysia. The sum pledged was subsequently donated in May 2010.

Not to be left out on a worldwide event to raise awareness on the fight against global warming. Encorp switched off its lights for one hour on 28 March 2009 from 8.30 pm to 9.30 pm as part of the support for Earth Hour. The yearly event, organised by the World Wide Fund for Nature (WWF) is to raise awareness on the need to take action on climate change.

EXTENDING OUR HAND TO THOSE IN NEED

Encorp also pledged 50% of the total purchase cost of Encorp's Hari Raya 2008, Season's Greetings 2008 and Chinese New Year 2009 greeting cards was donated to Rumah Ijabah Anak Yatim & Al-Hafiz, a home for abandoned children in Subang Jaya. We believe in helping children in need and that any amount that can be donated goes to help provide a better living environment for these underprivileged children.

Encorp also joined the donation drive in aid of the Palestinians which was spearheaded by the New Straits Times Press through the Gaza Fund Malaysia. The funds collected were to be used to buy medicine, equipment and towards rebuilding Gaza. Always in support of our Government's move for humanitarian aid, Encorp donated RM10,000 through the NSTP Fund.

In recognition and as a form of encouragement for employees to instill in their children the desire to acquire knowledge and reach for excellent academic performance, Encorp introduced the Employees' Children Achievement Recognition Awards for all staff. We have created a special fund whereby employees' children who excel in public examinations like the UPSR, PMR and SPM will receive cash awards.

For the second year running, Encorp joined some 2,000 others to participate in the all-night 'Relay for Life KL 2009' event organised by the National Cancer Society of Malaysia (NCSM). Held on 30 May 2009 in Bukit Jalil, Kuala Lumpur, the 16-hour event saw our team members taking turns to walk around the track as part of a relay throughout the night until the following day, signifying how cancer never `sleeps'. As part of our effort, the Encorp team also set up food stalls of which all proceeds of the sales were then donated to NCSM.

Continuing its support to fight cancer, Encorp contributed RM35,000 to the Pink Ribbon Deeds (PRIDE) Foundation gala charity dinner on 19 June 2009. Funds raised at the event were channeled towards the establishment of the PRIDE Centre at University Malaya Medical Centre, a palliative care facility for terminally-ill cancer patients.

On 13 August 2009, we contributed RM5,000 to the Kumpulan Wang Amanah Pelajar Miskin (KWAPM) or the Poor Students Trust Fund through a fund–raising campaign 'Karnival Tabung Pelajar Miskin' organised jointly by the Ministry of Education Malaysia, Persatuan Suri dan Anggota Wanita Perkhidmatan Awam Malaysia (PUSPANITA) and the Manifestation of Sarawak Cultural Arts (MESCA). We truly believe in and support the campaign's objective to generate more donations for the fund which gives much needed monetary assistance to purchase uniforms, pay school fees and to provide other forms of support to poor families who are unable to send their children to school, irrespective of race or religion.

A SPORTING NATION

Encorp truly believes in helping further the nation's sports initiatives and this is firmly entrenched in our culture whereby all employees are encouraged to participate in sporting activities organised in-house or by others. We also extend our helping hand by sponsoring RM40,000 for Mohd Azlan Iskandar, our national squash player to boost his career and Malaysia's image as home of world champions in squash. In 2009, Mohd Azlan Iskandar participated in eight tournaments, namely the Columbian Open, British Open, Petro Sport Open, Hong Kong Open, World open, Spanish Open, Dutch Open, Qatar Classic and the Saudi Open.

HUMAN CAPITAL DEVELOPMENT

We focus on the knowledge, skills and abilities that make it possible for people to do the best that they can in organisational settings. These include recruiting, investing in and supporting people, utilising various tools among other things, training, coaching, mentoring, internships, business development and human resource management.

Human capital is one of the most valuable assets for Encorp. The collective attitudes, skills, and abilities of people contribute to organisational performance and productivity.

The current global recession has forced companies to carefully and wisely identify, develop and retain talented staff for efficiency and effectiveness. Encorp sees any expenditure in training, development, health and support as an investment, not just an expense. The right investment in human capital will appreciate with time.

We have set out to:

- Align our organisational values, mission, vision to the Human Capital Development Strategy for talent retention
- Convert the organisation values into measurable KPIs (Key Performance Indicators) to track and manage the investment on human capital development
- Implement the succession plan initiative
- Continuous development of staff is the key to building a team of the highest calibre. As a start, Encorp put its team through a comprehensive in-house training programme over four days at the end of May 2009. Trainers put staff through the paces on the fundamentals of personal and company aspirations, strategy, goals, organisational structure, rewards and development opportunities.

BEING A PREFERRED EMPLOYER

The success of any organisation depends to a great extent on a dedicated workforce that is committed towards its vision, mission and corporate values. As Encorp contributes to the Nation and community as a responsible corporate citizen, it understands the importance of giving employees due recognition in helping to bring the organisation to where it is today. We therefore aim to be a preferred employer by offering special programmes and activities geared towards creating and sustaining a positive working environment. These are:

Recognition and Retention Programmes
Rewards and recognition are given to employees who are fully committed to achieving meaningful business aspirations through collaboration and teamwork within the organisation.

Training and Development
Encorp's Human Capital programmes are aligned to meet the Learning and Competency Development between the employer and the employee based on clear identified business needs and the development of individuals with coherent learning models.

Internship and Industrial Training
We provide internship/industrial training opportunities for students from local higher learning institutions/universities. The trainings are focused and geared towards developing the students' knowledge and experience through working in various departments at Encorp.

Health and Safety Programmes
Encorp understands and values the position that Human Capital plays and wishes to create a healthy working environment, a hazard-free office by eliminating any hazardous materials and at the same time promoting green campaigns amongst employees.

Employees' Involvement and Contributions to the Community
Encorp introduced a recognition programme aimed at promoting an environment that encourages employees to be involved in community-related activities. Employees who are actively involved in these types of activities will receive recognition and a cash award. In 2009, Ms. Ainah Wong (formerly attached with our Human Resources department) was recognised and awarded for donating much of her time and energy to community service.

Our recognition programme extends to the children of our employees as well. As mentioned earlier, we truly believe in instilling the children the desire to acquire knowledge and excel in their school studies is especially so for the children of our employees hence we introduced the Employees' Children Recognition Awards for all staff. We have identified two (2) high scorers who achieved excellent results in 2009's PMR (Penilaian Menengah Rendah) and SPM (Sijil Penilaian Malaysia) respectively. The PMR cash award of RM400 was awarded to the daughter

Pn. Hawa Jaafar who obtained 7 As. Pn Hawa is attached with the Executive Chairman's office. While the child of Mr. Chai Charng Jiunn from ECSB's project division in Kuching is the recipient of the RM500 cash award, having achieved 8 As in 2009 SPM. Another recipient of the Employees' Children Recognition Award is the son of En. Mohamad Hashim, our Assistant General Manager of ECSB who scored outstanding results in his final semester at the International Islamic University. He received RM1,250. Our sincere congratulations to all three top scorers!

OUR EFFORTS CONTINUE

Our CSR programmes and initiatives are neither massively publicised nor undertaken on a large scale but we truly believe in making a positive difference. At Encorp, we are dedicated to creating value for our employees and customers, providing them opportunities to grow with the organisation and the communities we help develop. We are committed to building a happy workforce and society that in turn form a strong support structure of a successful organisation that is able to add value to the community, economy and the Nation.



CALENDAR OF SIGNIFICANT EVENTS

8 January 09

NEW SUBSIDIARY
Encorp announced that Encorp Construct Sdn Bhd, a wholly-owned subsidiary of Enfari Properties Sdn Bhd, has incorporated a wholly-owned subsidiary known as Encorp Trading Services Sdn Bhd.

9 January 09

ENCORP'S 2009 KICK-OFF
Encorp thanked its staff for achieving a solid 2008 and to move forward, Encorp presented a 2009 strategy plan.

9 January 09

EXCELLENCE AWARDS FOR STAFF'S CHILDREN
As an appreciation of academic achievements shown by staff's children, Encorp gave out three cash awards to recognise their excellence in major examinations.

12 February 09

SPONSORSHIP FOR CORPORATE NIGHT (PGL)
Encorp sponsored Puteri Gunung Ledang The Musical Corporate Night to show its support for the Malaysian Entertainment Industry.

19 February 09

DONATION TO NSTP FUND FOR GAZA
The plight of the unfortunate is always a major concern; Encorp donated RM10,000 to GAZA through NSTP.

3 March 09

ANNOUNCEMENT OF ENCORP'S NEW WEBSITE
In order to be more interactive and informative, Encorp introduced its new, revamped web-portal at http://www.encorpbhd.com.my/

13 March 09

NEW SUBSIDIARY
Encorp announced that Encorp Must Sdn Bhd, a wholly-owned subsidiary of Encorp Berhad, has acquired a new wholly-owned subsidiary known as Encorp Development Sdn Bhd.

28 March 09

WORLD WIDE FUND FOR NATURE (WWF)'S EARTH HOUR
Encorp registered and participated in the WWF global awareness program, Earth Hour, by turning off all non-essential lights for one hour.

30 May 09

NCSM RELAY FOR LIFE 2009
Encorp joined the all night 'Relay for Life KL 2009' in support of cancer awareness.

11 June 09

CF FOR JASMIN 1
Encorp's residential parcel received a Certificate of Fitness for Occupations (CF).

19 June 09

CHARITY GALA DINNER (PRIDE FOUNDATION)
Encorp donated RM35,000 to the Pink Ribbon Deeds (PRIDE) Foundation gala charity dinner also in support of cancer awareness.

24 June 09

ENCORP BERHAD HOLDS 9TH ANNUAL GENERAL MEETING
Encorp held its 9th Annual General Meeting.

15 July 09

ENCORP'S HEAD OFFICE AND SUBSIDIARIES OFFICIALLY RELOCATED
Encorp relocated to its new offices at Encorp Strand, Kota Damansara.

17 July 09

VP FOR JASMIN 1
Jasmin 1, a residential parcel in Encorp Cahaya Alam, received Vacant Possession (VP).

24 July 09

CHANGE OF SUBSIDIARY'S NAME
Encorp announced Enfari Properties Sdn Bhd change of name to Encorp Construction & Infrastructure Sdn Bhd to Bursa Malaysia.

3 August 09

SPORTS SPONSORSHIP
Encorp contributed RM40,000 to national squash player, Azlan Iskandar, as part of its drive to elevate the standard of Malaysian sports in the international arena.

13 August 09

DONATION TO KUMPULAN WANG AMANAH PELAJAR MISKIN
Encorp contributed RM5,000 to the fund-raising campaign Karnival Tabung Pelajar Miskin.

19 August 09

ENCORP ANNOUNCED FIRST SIX MONTHS PROFIT
Encorp announced its first 6 months of 2009 profit before tax as RM26.11 million.

1 September 09

ENCORP WELCOMES YB SEN. DATO SRI PROF DR MOHD EFFENDI NORWAWI
Encorp welcomed back its newly appointed Executive Chairman, YB Sen. Dato Sri Prof Dr Mohd Effendi Norwawi into the Encorp family.

8 September 09

FAREWELL DINNER FOR YBHG TAN SRI DATUK (DR) OMAR ABDUL RAHMAN
Encorp organised a farewell dinner at Le Meridien Hotel to show its appreciation to former Chairman, Tan Sri Datuk (Dr) Omar Abdul Rahman for his leadership throughout the years.

10 October 09

CAMELLIA'S SOFT LAUNCH
Encorp organised a soft launch of its residential parcel Camellia 1 at Encorp Cahaya Alam to an overwhelming response. 95% of the units were booked during the soft launch.

13 October 09

DONATION TO YAYASAN HARAPAN KANAK-KANAK
Encorp donated RM20,000 in support of the community project Going Back to School Assistance Project for the 2010 school session.

12-22 November 09

GARDEN OFFICE @ ENCORP STRAND'S SOFT LAUNCH
Encorp organised a soft launch at Encorp Strand's sales gallery with an overwhelming response whereby 80% of its units were booked.

24 November 09

DONATION TO YAYASAN TUANKU SYED PUTRA
Encorp donated RM10,000 to Yayasan Tuanku Syed Putra's Islamic Fashion Festival VIII 2009 Charity Dinner.

8 December 09

DONATION TO YAYASAN HARAPAN KANAK-KANAK

Encorp donated RM10,000 to help Yayasan Harapan Kanak-Kanak publish its coffee table book – Datin Paduka Seri Dr Rosmah Mansor.

8 December 09

DONATION TO RUMAH IJABAH ANAK YATIM

Encorp organised a visit to an orphanage that sorely needs help in preparing its occupants for school. We assisted in getting the children their school uniforms and also the necessary school-going accessories.

16 December 09

VP RECEIVED FOR JASMIN 2

Following the success of Jasmin 1, Encorp had launched Jasmin 2 at Encorp Shah Alam. This parcel received its Vacant Possession (VP) today.

22 December 09

DONATION TO PRAISE EMMANUAL CHILDREN'S HOME

Encorp organised a visit and handed out Christmas presents to the children and donated a washing machine for the home.

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 in Encorp Cahaya Alam, Camellia 2 to wonderful response from the public.

19-21 March 10

ENCORP PARTICIPATED IN MALAYSIAN PROPERTY EXPO

Encorp was among the developers that participated at the MAPEX held at Mid Valley Exhibition Centre for 3 days.

20 March 10

DONATION TO PERSATUAN PENDUDUK KOTA KEMUNING

Encorp donated RM5,000 to Persatuan Penduduk Kota Kemuning 10th Anniversary Celebration Charity Dinner and Dance.

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.

Dining Room @ Lotus; Encorp Cahaya Alam



Artist's Impression

ENCORP IN THE NEWS



Living Room @ Lotus; Encorp Cahaya Alam





CHAIRMAN'S STATEMENT

Dear valued shareholders

As Executive Chairman of Encorp, I am excited that the timing of my return coincides with the period where the Group enters a new phase of growth. Our mission is to make Encorp from a Good company it is today to a Great one (G2G). To achieve this goal, we will focus on delivering Quality, Standards, Value and Service (QSVS) in everything we undertake. Encorp must always be at the forefront of innovation and we will ensure that the Encorp name in itself is a guarantee of excellence, proving itself with products and services that are above and beyond expectations. This, dear valued shareholders, is the Encorp Experience we pledge to our customers.

On behalf of the Board of Directors, may I present to you the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2009.

I am honoured to assume the position of Executive Chairman of Encorp Berhad from September 1, 2009. I take this opportunity to pay tribute to the man who had been Chairman of Encorp Berhad since 2005, YBhg Tan Sri Datuk (Dr) Omar Abdul Rahman. Tan Sri had during his tenure ensured the company is always professionally managed and consistently adheres to best management practices and good governance. We will continue and improve on this important legacy. I know I speak for the rest of the Board when I say he will be missed, both personally and professionally.

2009 was a year of transformation and changes. As the new Executive Chairman, the challenge is seeing that Encorp makes the quantum leap that it must take to be a great company. The core of the Good to Great (G2G) drive is the goal of making Encorp a High Performing Organisation – a Provider of Choice (for our customers), an Employer of Choice (for our employees) and an Investment of Choice (for our investors). The G2G approach must be intrinsic in every process and every employee of Encorp Berhad. This will help Encorp to strategically position itself for the future, riding on the wave of global economic recovery.

The G2G transformation will be immediately translated into our products where we ensure we deliver QSVS that is unbeatable in the marketplace. It will be ingrained as part of our culture in undertaking anything in Encorp. An example of Encorp's new process of achieving QSVS is the bringing together of artistic and technical ingenuity to produce the best and latest concepts and then turn these into high value products for our purchasers.

While doing all this, our overriding value would be to contribute to the community by making a difference to the lives of our customers. When they invest in any Encorp product, whether for business or for daily family life, they will be ensured of the highest quality and value that is synonymous with Encorp.

FINANCIAL HIGHLIGHTS

I am happy to announce that despite the global economic uncertainties, Encorp continued to remain profitable. The dividend for 2009 has yet to be announced but I am confident this will correspond with the encouraging profit shown. This in itself reflects that we have managed to overcome the trying times of the last couple of years. It is all now in the past and we look forward to bring the group to the next level.

The completion of the Teachers Quarters, successful launches of components in Encorp Strand and Encorp Cahaya Alam are significant milestones in our pursuit of greatness. We invite our shareholders to be a part of this exciting experience. This is the beginning of an aggressive period of growth filled with new launches and ventures for us all at Encorp Berhad.

The global events that took place in 2009 have prepared us for challenges and we have fortified ourselves against the unexpected. The Group's revenue for the year under review is RM234.9 million while profit after tax is RM26.9 million, still an impressive accomplishment in view of the turbulent year in international economies and financial markets.

Despite the potentially catastrophic economic climate especially in the first quarter of 2009, Encorp had shown that we could continue to perform well and achieve encouraging profits. We believe that this is due to our wisely planned strategies and prudent fiscal management. Another major factor is the strong market acceptance of our products. We have proven yet again that we have never wavered from our objective of building a brand synonymous with quality, integrity and innovation.

I also credit our commendable financial performance last year to the efforts of the strong leadership of our management team and most important, the outstanding commitment and hard work showed by our employees who excelled in challenging times.

INVESTMENT ENHANCEMENT - OUR COMMITMENT TO STAKEHOLDERS

Last year saw Encorp strategically positioning itself in Malaysia's private developer segment. Through our property development division, we are involved in mixed commercial and residential property projects. This segment comprises 80% of the group's current business.

In our efforts to imbue innovation and quality in all of our products, Encorp has at the same time increased their worth. Our development at Encorp Strand in Kota Damansara is a mixed commercial area of 45.6 acres with a gross development value (GDV) of RM1.1 billion. The property value for this project has increased 70% - 80% from the original selling price. We take pride in the fact that Encorp Strand has transformed the entire area into one of the most vibrant areas in Petaling Jaya, resulting in high capital appreciation.

Our foray in residential property development has a GDV of RM800 million involving a total land area of 209 acres near an already established area of Shah Alam. Encorp Cahaya Alam has taken shape beautifully, providing real estate investors with various options to enhance their investment portfolio. On average, the property value for this project has increased substantially, yet another testament to our attention to quality.

The Group is also strengthening its construction management division. The creation of Encorp Trading Services Sdn. Bhd. (ETSSB), a wholly owned subsidiary of Encorp Construct, will help the group to position itself in new areas and market. This strategic move has also enhanced our capabilities, in effect providing us better control on the cost of building materials and finishing. This will definitely contribute positively in our movement towards achieving a high Quality Assessment System in Construction (QLASSIC) rating. The current projects under the construction management division have a total value of RM280.8 million. ETSSB will be serving the group's property division too.

"Our promise is quality and innovation and we are pleased that this cascade into higher returns in investments for our purchasers."

OUR COMMITMENT – THE ENCORP EXPERIENCE

We define our competitive advantage as the Encorp Experience. Simply put, this is a corporate commitment to innovation and excellence that blends seamlessly into every development. The Encorp Experience results in a rich and rewarding end user experience that is evident at all consumer touch points, from the homeowner to the commercial user to the casual visitor. We continuously strive to ensure that our projects become the benchmark for quality and value across Malaysia.

To our customers in the commercial property segment, we offer much more than a place of business. Our Garden Office and Serviced Apartments in Encorp Strand, Kota Damansara exemplify the idea of a working and living environment that puts critical emphasis on comfort, convenience and has a flair for the avant-garde.

I am proud to say that despite the slowdown seen in the local property market, over 60% of Garden Offices were booked during its soft launch in late November 2009.

For Encorp Strand's Boulevard and Mall, we will identify and satisfy demands for new retail destinations. These two components of The Encorp Strand inspire a powerful sense of place, providing people with an all-round experience rather than just variations of the same. Both will be more than just destinations to shop and eat. These will be places to relax and socialise within surrounds that have been specifically designed with aesthetics, comfort, convenience and safety in mind. The Boulevard is modelled after the ever-trendy Champs Elysees in Paris but our architect, Nicholas Ayoub has taken the Malaysian climate into consideration by introducing climate control features. We aim to be extraordinary and once completed, the Boulevard and Mall will further stamp our presence as innovators in the property development segment.

Our Encorp Cahaya Alam when completed will comprise link and semi-detached homes, apartments, shop offices and a school. Response for the parcels launched to date has been overwhelming. Not resting on our laurels, we will ensure that Encorp Cahaya Alam offers a "Zero-Defect" plan, meaning all properties handed over will be defect-free. So far all parcels completed have lived up to our expectations and more importantly to those of our purchasers.

The strength of the Group's sales in Encorp Strand, Kota Damansara and Encorp Cahaya Alam is a testament of the public's belief in our product despite of the unfavourable economic conditions of the past twelve months. We look forward to their upcoming launches and we invite the public to be part of the events.

As for our construction management division, I am proud to report that we continue to work towards profitable expansion and adding value to our current projects. The combination of our technical expertise and investment in the most efficient management systems enables us to continuously deliver quality that is synonymous with the Encorp Experience.

The sites of the Sarawak Schools project were handed over to Encorp in stages with the earliest site possession in November 2008. Construction of the schools is currently in progress and is ahead of schedule. This project is expected to be completed by first quarter of 2011.

Sites for Seremban-Gemas Electrified Double Track Project were handed over to Encorp in various stages with Senawang being the first site to be handed over for construction in June 2009. To date, out of 5 sites, we have begun work in Senawang, Rembau and Tampin with Batang Melaka and Gemas yet to be under our possession.

OUR ACHIEVEMENTS – SERVING YOU BETTER

In 2009, Encorp proved itself to be on track towards fulfilling all the criteria of a High Performing Organisation as we accomplished the following:

- continue to show commendable profits despite a challenging year;
- manage to be ahead of schedule for our Sarawak Schools project and parcels of Encorp Cahaya Alam;
- receive overwhelming response to both commercial and residential projects launched in 2009 – Encorp Garden Office and Encorp Cahaya Alam Camellia;
- identify prospective major investments and joint-venture opportunities with high profit potential; and
- actively pursue our goal of becoming the provider of choice, employer of choice and investment of choice.

PROSPECTS – GOOD TO GREAT

At Encorp we strongly believe in innovating from within to provide the best to our customers, investors and stakeholders. We push ourselves to transcend from just being good to being great in everything that we undertake. We set our sights on becoming a fully QSVS organisation within the next three years.

"We also are committed in staying on course to pursue our business credo of outstanding projects and pushing new boundaries that will translate to excellent and value-added products for our customers."

The Residence @ Encorp Strand



Artist's Impression

With our mission and values held strong, Encorp moves forward by venturing into Penang with a high-end development in Batu Feringghi targeted for launch in 2010. The project consists of 88 units of resort-style homes comprising villas, bungalows and luxury condominiums. Each unit faces the sea and comes with a private swimming pool. Work on the 5.83-acre freehold development with a GDV of RM210 million is scheduled to start in 2011, with completion in 2013.

As part of Encorp's expansion plans, our wholly-owned subsidiary Encorp Iskandar Development Sdn Bhd (EIDSB), recently entered into a Sale and Purchase Agreement valued at about RM25.9 million with UEM, Land the master developer of Nusajaya. Under the agreement, EIDSB will purchase a commercial land parcel in Puteri Harbour, Nusajaya, measuring approximately 3.3 acres to be developed into a commercial and serviced apartments development project. The choice of Puteri Harbour is a strategic one as this precinct has the advantage of location, accessibility, excellent infrastructure, ambience and the uniqueness of a waterfront development within a regional city. Encorp is highly selective in our land bank investments and the Group has conducted extensive study and research on Puteri Harbour before the purchase was proposed to the Board of Directors. The selections are normally what fit Encorp's profile of being a developer that incorporates the latest ideas and technology to create excellent value for its customers.

To continue our pursuit of being a great company, we will continue to seek new ventures and opportunities that will further prove our abilities, increase our capabilities and drive future growth.

ACKNOWLEDGEMENTS

To our shareholders, customers and business associates, thank you for your trust and confidence in us over the years. We will honour this trust and look forward to another year of continued support.

On behalf of the Board, I would also like to express my deepest appreciation to the management and staff for their dedication, commitment and untiring contributions. I hereby wish to put on record my sincere gratitude to my fellow directors for their counsel and support.

My predecessor and the top management had set the stage, and the Board and I will ensure that Encorp continues on this path of success. With all the above in mind, I wish to conclude by emphasising that the combination of our pragmatic business plan, robust operational fundamentals together with a clear strategy for growth, signify that we are well positioned and confident of making further progress in what is expected to be an exciting year.

Thank you.

Yours Sincerely,

YB SEN. DATO SRI PROF DR MOHD EFFENDI NORWAWI
Executive Chairman

DIRECTORS' PROFILE



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

YB Sen. Dato Sri Prof Dr Mohd Effendi (Malaysian, aged 62) joined the Board of Encorp Berhad as Executive Chairman on 1 September 2009.

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 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.



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

Yeoh (Malaysian, aged 49) joined the Board of Encorp Berhad and was appointed as Group Chief Executive Officer in an acting capacity on 18 November 2003. He was re-designated as Group Chief Executive Officer on 23 April 2008.

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

He has worked in various public accounting firms in the United Kingdom and Malaysia for more than 12 years, before moving into the commercial sector. Prior to joining Encorp Group, he was an Executive Director of Finance of a company listed on Bursa Malaysia Securities Berhad.

Yeoh is currently an Executive Director of Great Wall Plastic Industries Berhad.

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



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

Efeida (Malaysian, aged 37) 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.



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

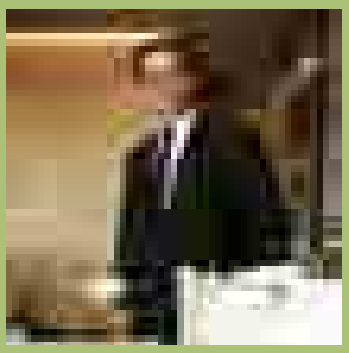
Datuk (Dr) Philip Ting (Malaysian, aged 58) was appointed to the Board of Encorp Berhad on 16 April 2001.

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

An Australian chartered accountant, Datuk (Dr) Philip Ting was in public practice for 17 years beginning with Touche Ross & Co in Australia in 1973 and ending as a Partner of Arthur Anderson & 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. During his working career, he spent a significant amount of time in Australia, the United States of America and in countries throughout Southeast Asia.

Datuk (Dr) Philip Ting currently sits on the Board of Ibraco Berhad and a number of private companies with business interests throughout Australasia.

Other than the 2,278,000 shares 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 Datuk Fong Joo Chung
Independent, Non-Executive Director
Chairman of the Remuneration Committee
Member of the Nomination Committee

Datuk Fong (Malaysian, aged 61) 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, Executive Director

Datuk Ramli (Malaysian, aged 64) 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.

Within Encorp Berhad, Datuk Ramli currently oversees employee development, cost rationalisation initiatives and procurement as well as assists the Business Development Unit.

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 Datuk Dr Zainal Aznam Bin Mohd Yusof
Independent, Non-Executive Director
Chairman of the Nomination Committee
Member of the Audit Committee

Datuk Dr Zainal Aznam (Malaysian, aged 65) joined the Board of Encorp Berhad on 21 April 2003.

Datuk Dr Zainal Aznam has a Bachelor of Science degree in Economics from Queen's University, Northern Ireland, a Masters degree in Development Economics from University of Leicester and a Doctorate in Economics from Oxford University, United Kingdom.

Datuk Dr Zainal Aznam has long been involved in various economic research and policy development groups in the country. He was the former Deputy Director-General of the Institute of Strategic and International Studies, Deputy Director of Malaysian Institute of Economic Research and Advisor in Economics at Bank Negara Malaysia. He has also spent nearly 20 years in the Economic Planning Unit of the Prime Minister's Department. He was a member of the Working Group of the National Economic Advisory Council (NEAC). Currently, he is an Adviser with the National Implementation Task Force and Council Member of the NEAC.

Datuk Dr Zainal Aznam is active in the academic field. He has served on boards and teams at Harvard University, Keio University and Korea Institute for International Economic Policy. He was a Visiting Scholar at the Harvard Institute for International Development, Harvard University. He was also a Research Fellow at the Centre for Research in Inequality, Security and Ethnicity, Queen Elizabeth House, Oxford University, United Kingdom from May to June 2004. Currently, he sits on the advisory panels of Universiti Kebangsaan Malaysia and Universiti Malaya, and is an Adjunct Professor at Universiti Utara Malaysia.

Datuk Dr Zainal Aznam's current directorships include Rating Agency Malaysia Berhad and Permodalan BSN Berhad. He was a Commisioner in the Securities Commission from 1999 to 2004.

Datuk Dr Zainal Aznam 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 46) was appointed to the Board of Encorp Berhad on 25 September 2009.

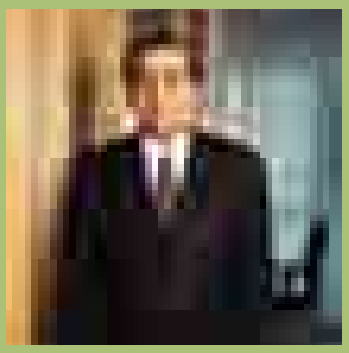
Dato' Marcus Kam graduated with a degree in Chemical Engineering from Monash University. Dato' Marcus Kam also holds a Master of Science (Biotechnology) and a Master of Business Administration, both from the University of New South Wales.

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 its 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.

Dato' Marcus Kam 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 62) 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 Germini 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 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.

GROUP CEO'S OPERATIONS REVIEW

The Group had managed to maintain a profit position despite the slowdown of the global economy and the weak property market demand in 2009. For the first half of 2009, the Malaysian property market was slow as consumers took to holding back and reviewing options before committing to any form of investment.

During the height of the economic crisis, the government responded well to get the economy back on track by introducing various fiscal stimulus measures. Those include the reduction of interest rates, exemption on mortgage interest of up to RM10,000 a year for three years, increased state-initiated promotion to foreign buyers, prevailing and the deregulation of the Foreign Investment Committee (FIC) which had a positive effect in boosting demand for property and increase in order book for the construction sector.

As a result of the above initiatives and the positive outlook of the world financial markets, the upturn in the property market which started in the third quarter of 2009 came much faster than expected. Demand is back, prices are rising and confidence in the market is growing. All these indications suggest that liquidity is still there.

During the period, the Group spent resources in improving its system and processes as well as training to equip its staff to better serve our customers. It was an opportunity for us to take stock of the company's strength and capabilities to overcome future challenges, especially those that come without much warning.

Due to its strategic positioning of being particularly fastidious in land acquisition, Encorp has continued to remain profitable for the financial year ended 31 December 2009. The Group recorded a revenue of RM234.9 million and a profit after tax of RM26.9 million.

Moving forward, we see further strengthening in both demand and prices in the Malaysian property market. More new launches are in the pipeline and Encorp will remain focused in delivering value on the developments to ensure sustainable earnings and increase in stakeholders' value. Ultimately, we want long-term stakeholders who will benefit from the value creation in the Group.



PROPERTY DEVELOPMENT – AN OVERVIEW

The financial year under review saw the Group's Property Division, Must Ehsan Development Sdn. Bhd. generate a pre-tax profit of RM28.7 million on revenue of RM71million.

Encorp chose a resilient response to the uncertain conditions that prevailed in the local property market during the period under review. Rather than continuing to launch products, we decided not to embark on any new property development launches in the first half of 2009, hence not compromising our profit margin.

We started our launch at the 4th quarter of 2009. This has proven to be the right strategy as all our launches received overwhelming responses with higher profit margins. We are able to do so because of the low gearing position of Encorp Bhd and its property subsidiaries coupled with the structure for our land payments. Except for Encorp's SPV (Special Purpose Vehicle) subsidiary, ESSB, where the bonds raised are ring fenced and has no recourse to its holding company. All the other companies with the Encorp Group have no gearing. This will provide us an opportunity to increase our gearing once we have identified suitable targets for expansion.

Encorp saw the period as the opportune time for the Group's Property Division to prepare the groundwork for expansion and also to complete the works that were already under way. Without getting too distracted with what the competitors were doing, we concentrated on the works in progress and as a cohesive group, continued to improve on our products with new innovations, emphasising on quality, customer service and adding value.

Encorp Strand, Kota Damansara

In line with the Encorp's focus on projects secured during the period under review, construction of works in hand represented the principal activity for the first two quarters as preparation and planning for a more vigorous consumer market were underway.

The in-house project management team of Encorp that was awarded for the construction of the 3 ½ & 4 ½ storey shop offices at Encorp Strand, Damansara handed over all 265 completed units to buyers by the fourth quarter of 2009. These shop offices form the initial part of Encorp's flagship integrated commercial development in Kota Damansara.

Encorp's commitment to quality and innovative products for its customers remains our focus. Another important component of Encorp Strand's development is the Boulevard that has been planned for launch end of October 2010. The Boulevard once completed will invoke a sense of being in the world famous Champs Elysee in Paris as it was inspired by our French architect. This 90 ft wide by 800 ft long covered Boulevard is designed to please aesthetically while at the same time present comfort and convenience to visitors taking into consideration and steps to neutralise the heat and humidity of our climate. With innovative inclusion of extensive water features that will provide suitable environment for al-fresco dining and comfortable shopping. We aspire to make Encorp's Boulevard street cafes, restaurants and entertainment outlets as the centre for major events and the most exciting attraction in the Petaling Jaya area.

Other works carried out to add value to Encorp's products is the re-planning of the Mall and Serviced Apartments, located centrally within the 45.6 acres of Encorp Strand, Kota Damansara, that was carried out whilst the foundation and basement works progressed. The Mall construction proper will commence in the second quarter of 2010, and the Serviced Apartments will commence thereafter.

As the economic climate began to shift, consumer demand began to improve in the third and fourth quarters, and having been prepared in advance, Encorp was ready to launch its avant-garde Garden Offices. Dubbed as contemporary office space, hosting a stunning combination of eco-friendly innovations, this component of Encorp Strand was designed with green living in mind.

Totalling 258 units of office suites, in 14 blocks of 5 to 7 stories, the soft launch of Garden Offices was done in late November 2009 with over 60% booked at a value of RM370 million.

Novel features include rain water conservation for domestic and sprinkler use, natural sun shading through the strategic orientation of building blocks, sky gardens on all blocks which act as heat insulation during the day and lush landscaping combined with cascading waterways along the boulevard.

The strength of the Group's sales for all parcels that have been introduced under its flagship of Encorp Strand, Kota Damansara, is a testimony of the public's belief in Encorp's vision that is continuously translated into actual innovative, attractive and desirable products that exceed customers' expectations. Those who put their trust in Encorp and our products have now enjoyed returns on their investment in the form of capital appreciation of our projects especially in the Encorp Strand. For instance, an intermediate unit of our Shop Office (build-up of 5,498 sq.ft) were launched in 2005 at RM1.088 million of RM198 psf but is now on average are being re-sold at around RM2.2 million or RM400 psf. Our Garden Office's pre-launch price in December 2009 was RM450 - RM800 psf but are now selling at RM550 - RM900 psf. Due to this and their confidence in getting quality and value in our products, Encorp does attract repeat buyers and loyal customers.

Encorp Cahaya Alam, Shah Alam

At Cahaya Alam, Encorp delivers quality, innovation and affordability in an attractive package for our purchasers. This mixed residential and commercial development situated on 209 acres of prime real estate, adjacent to Section 7 in Shah Alam is a development with a master concept of high quality, affordable, individual precincts that surround a central linear landscaped park with amenities to promote an active, family oriented lifestyle for residents.

Extensive research and planning goes into each precinct so that these products have the competitive edge in terms of value and quality. We aim to provide better products individually and as part of a whole development concept where each unit sold is of higher quality and with value for money, where these units form a part of a greater development that has also been planned to provide a complete living environment.

Encorp also has maintained a 'Zero Defect' track record and continues to pay meticulous attention to all the finer details in continuing good workmanship and excellent finishing. Creativity and innovation are also emphasised with individual features like indoor courtyards, multi-facades and many more interesting attributes incorporated for different parcels.

This year, work on Parcel B, Jasmin, comprising 157 units of 2-

storey 22' x 75' link houses, was successfully completed and handed over to buyers in the second quarter of 2009, well ahead of schedule.

A soft launch of Parcel E, Camellia, consisting of 97 units of 22' x 75' link houses received an overwhelming response from buyers, with over 90% sold in the first month.

Several more exciting launches of link houses and semi-detached houses as well as 2- and 3-storey shop offices are planned for the second and third quarter of 2010.

All of our projects are development with a clear concept. We are in the midst of revising the masterplan of Cahaya Alam along this existing concept to enhance the quality of development and to ensure higher capital appreciation to our existing buyers.

CONSTRUCTION MANAGEMENT – AN OVERVIEW

Encorp continues to be involved in several major projects through our construction management division. The current projects for this division have a total value of RM280.8 million.

Encorp takes pride in its reputation of an experienced contractor in mass housing and infrastructure works. Such testimony is based on our merit, strength and track record. We are now in the process of completing two projects.

For the year 2009, I am delighted to say that Encorp continues to maintain its strong tradition of delivering quality projects on time and within budget, as entrusted by our clients. This can be seen in the construction of Sarawak schools and the Electrified Double Track Project between Seremban to Gemas which progress are currently ahead of schedule.

For the construction management division, it is equipped with a comprehensive IT system to keep track of the work progress on a daily basis and to monitor quality and cost management.

We anticipate and therefore are prepared for the challenges ahead to manage larger and multiple contracts in our construction management division. As a result of our long-term outlook in our efforts to ensure continued growth of the division, Encorp will be making practical and synergistic expansion plans. It is of the utmost importance that any expansion will further consolidate Encorp's position in this segment of the construction industry.

To begin with, we have taken steps to position ourselves in new areas and markets via our in-house trading division, Encorp Trading Services Sdn. Bhd. (ETSSB) that is a wholly owned subsidiary of Encorp Construct Sdn Bhd.

The setting up of ETSSB is a strategic move by the Group as it will complement the construction management division by taking complete control of material component of construction whereby stringent quality requirements imposed by the Group can be internally managed and delivered.

Sarawak Schools Project

Encorp through Encorp Construct Sdn Bhd, a Bumiputra Class A contractor with experience in mass housing and infrastructure works, spent the financial year 2009 focusing on construction works for the Sarawak schools' project. The project, under the Ninth Malaysia Plan, is to construct and upgrade 11 schools in Kuching, Sri Aman and Bintulu. The existing schools involved in this project are dilapidated, run-down or too small. The Contract value of the project is RM150 million. The sites were handed over to Encorp in stages with the earliest site possession in November 2008. The construction is currently in progress and is ahead of schedule. This project is expected to be completed by first quarter of 2011.

Encorp is very proud to play a role in improving the country's educational infrastructure and facilities for the students as well as the teachers. We are committed to improve customers' satisfaction by delivering unbeatable quality, standards, values and services in the way we conduct our business.

Seremban-Gemas Electrified Double Track Project

Encorp was awarded by IRCON International Limited of India a contract to undertake the construction, commissioning and maintenance of station buildings and associated structures and services including site clearance, civil and structural works, construction of platforms, mechanical and electrical works and external services works for stations from Seremban to Gemas in Negeri Sembilan. This project is expected to be completed by November 2011. The contract value for this project is RM130.8 million.

The sites were handed over to Encorp in various stages with Senawang being the first site to be handed over for construction in June 2009. To date, Encorp has completed works valued at RM2.8 million. We expect to complete works valued at RM50 million by the end of coming financial year.

FUTURE OUTLOOK – NEXT PHASE OF GROWTH

Technology and innovation are the very spirit of Encorp. These two elements will continue to be the driving force in all of our operations. While improving quality and value, we plan to grow in scale.

Despite having a current stock of land bank that is sufficient in the next five years, we are also looking at land in strategic locations to enhance our land banks. Other than being on the lookout of future acquisitions for our new projects, we are also developing relations with strategic partners for possible joint ventures.

Encorp is encouraged by the support shown by the Government to the Nation's corridor projects especially Iskandar Malaysia. The Group is confident with the rate of development, progress and commitment shown by various stakeholders of Iskandar Malaysia will propel further interest and investment potential that we hope to drive Encorp's growth outside Selangor, especially in the commercial and residential property segment.

The next twelve months will see an exciting development Encorp's product mix as it will be launching a high end project in the exclusive resort belt of Batu Feringghi, Penang.

Going forward, Encorp is constantly sourcing for new business opportunities both locally and internationally. These include projects from the Government as well as the private sectors. Encorp will capitalise on its proven expertise in the use of Industrialised Building System (IBS) for the construction of buildings. Encorp will actively promote the usage of IBS Technology in its pursuit of securing new projects.

Encorp aims to increase its construction order book before the end of the coming financial year. Despite the fierce competition for new jobs and lower profit margins, Encorp is optimistic on the prospect of increasing its order book in the financial year 2010 and in improving its profit in the coming year.

This new focus has resulted in a thorough review of processes to match and exceed industry standards. These have included re-assessment of designs to make future projects more unique and innovative and offer our purchasers exciting and top value-for-money products. Similarly, the incorporation of news systems like the Primavera System has enabled an online tracking of construction progress to ensure Encorp delivers on time or ahead of schedule, at optimum cost and excellent quality.

With the Group's clear objective of going from Good to Great and being an organisation that fully delivers Quality, Standards, Value and Service (QSVS) within the next three years, Encorp is poised for bigger and better projects with our commitment to quality and innovation as our theme.

YEOH SOO ANN
Group Chief Executive Officer

Garden Office @ Encorp Strand



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 ten (10) members comprising:

- Four (4) Executive Directors; and
- Six (6) Non-Executive Directors of whom six (6) 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

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.

The roles of the Chairman and Group Chief Executive Officer are distinct and held by two different persons. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Group Chief Executive Officer has overall responsibility to manage the operations, organisational effectiveness and implementation of policies and decisions.

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 can be conveyed.

3. Board Meetings

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

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

During the financial year under review, six (6) Board meetings 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 (%)
Tan Sri Datuk (Dr) Omar bin Abdul Rahman *(Resigned on 1.9.2009)*	5/5	100.0
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi *(appointed on 1.9.2009)*	1/1	100.0
Yeoh Soo Ann	5/6	83.3
Efeida binti Mohd Effendi	6/6	100.0
Datuk Ramli bin Shamsudin	5/6	83.3
Dato' Chew Kong Seng @ Chew Kong Huat	6/6	100.0
Datuk Fong Joo Chung	6/6	100.0
Datuk (Dr) Philip Ting Ding Ing	6/6	100.0
Datuk Dr Zainal Aznam bin Mohd Yusof	5/6	83.3
Dato' Marcus Kam Kok Fei *(appointed on 25.9.2009)*	1/1	100.0
Datuk Dr Md Hamzah bin Md Kassim *(appointed on 17.12.2009. No meetings held after 17.12.2009)*	N/A	N/A

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
Datuk (Dr) Philip Ting Ding Ing	Chairman	Independent Non-Executive Director
Dato' Chew Kong Seng @ Chew Kong Huat	Member	Senior Independent Non-Executive Director
Datuk Dr Zainal Aznam bin Mohd Yusof	Member	Independent Non-Executive Director

In line with the revised Part 2 of the Code:

- All members of the Audit Committee are Non-Executive Directors with effect from 28 September 2007; 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 57 to 59.

b. Nomination Committee

The members of the Nomination Committee are:

Name	Designation	Directorship
Datuk Dr Zainal Aznam bin Mohd Yusof	Chairman	Independent Non-Executive Director
Datuk Fong Joo Chung	Member	Independent Non-Executive Director
Datuk (Dr) Philip Ting Ding Ing	Member	Independent Non-Executive Director

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

- to identify and recommend suitable committee members and candidates for directorships of the Company and its subsidiaries;
- to evaluate and recommend to the Board for approval, the appointment, promotion, transfer, termination and scope of duties of the Group 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



The Red Carpet @ Encorp Strand

THE ENCORP EXPERIENCE is a corporate commitment to innovation and excellence that blends seamlessly into every development.

ENCORE 506836 X



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:

- Mandatory Accreditation Programme for Directors of Public Listed Companies;
- Revised Code of Corporate Governance;
- Corporate Governance Summit 2009;
- Governance and Sustainability Reporting: Is there a Link?;
- Governance in Action in Today's World;
- Internal Auditing: Assurance and Value Creation;
- Financial Instruments: Recognition, Measurement, Disclosure & Presentation;
- The National Accountants Conference 2009;
- High Performance Green Buildings, Malaysia;
- Financial Institutions Directors' Education (FIDE) Programme: Modules 1, 2 and 4;
- Petronas Group Audit Forum;
- Talk on Doing Better Deals;
- Corporate Governance Week organized jointly by Securities Commission and Bursa Malaysia Securities Berhad;
- Briefing on FRS 139 and 112;
- Audit Committee Roundtable Discussion: Economic Downturn and Risk Oversight: Reassessing Risking the Wake of Market Turmoil;
- Briefing on Regional Stock Markets;
- Ernst & Young Tax Seminar; and
- Corporate Responsibility Overview and Identifying CR Risks and Opportunities for Companies.

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 2009 are categorised into appropriate components as follows:

Description of Payment	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries / Allowances & Other Emoluments	1,604,402.00	86,000.00
Fees	80,000.00	268,412.00
Defined contribution plan	152,700.00	-
Estimated money value of benefits-in-kind	127,090.00	21,250.00
Total	1,964,192.00	375,662.00

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 - RM100,000	-	4
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	-	-
Above RM350,000	3	-
Total	4	7

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 page 61.

Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Board has during the financial year approved to adopt 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 land bank for future development projects to expand its core business of property development. As at to date, a cumulative total of RM23.7 million has been 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

The Company commenced share buy-back from 30 April 2008. As per the Record of Depositors as at 23 April 2010, the Company had acquired a total of 10,428,000 of its issued shares from the open market. The shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

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 RM 55,00 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.





Every Step of the Process is Approached With Great Care - The ENCORP Experience.

Audit Committee Report

The Board of Directors is pleased to present the report on the Audit Committee and its activities for the financial year ended 31 December 2009.

TERMS OF REFERENCE

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 Accountant ("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 46
(c) fulfill 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 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 head of finance, head of internal audit and a representative of the external auditors should normally attend meetings. Other board members and employees may attend meeting upon the invitation of the Audit Committee. The Audit Committee should.

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 The Finance Director, the head of internal audit and a representative of the external auditors 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 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.

(g) 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;
(h) To report its findings on the financial and management performance, and other material matters to the Board;
(i) To consider the major findings of internal investigations and management's response;
(j) 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;
(k) To consider and examine such other matters as the Audit Committee considers appropriate.

Summary of Activities of the Audit Committee

Five (5) Audit Committee meetings were held during the financial year under review. The activities of the Audit Committee are summarised as follows:

(a) Reviewed the unaudited financial results and the announcements for the quarterly/financial year end results of the Group prior to the Board of Directors' approval, particularly on:

- Overall performance of the Group;
- Prospects of the Group; and
- Compliance with applicable accounting standards and other legal requirements.

(b) Reviewed the audit reports together with the external auditor.
(c) Reviewed the internal audit reports presented and considered the significant audit findings, audit recommendations and management's responses to ensure significant findings were adequately addressed by the Management.
(d) Discussed with the external auditor the audit plan and scope for the year as well as the audit procedures to be followed.
(e) Review related party transactions entered into by the Group.
(f) Reviewed the risk management report presented and discussed the high and significant risk areas.

The record of attendance of the members for the financial year ended 31 December 2009 is as follows:

Name of Audit Committee	# of Meetings Attended/Held	Attendance %
Datuk (Dr) Philip Ting Ding Ing	5/5	100
Tan Sri Datuk (Dr) Omar bin Abdul Rahman *(Resigned 1.9.2009)*	4/4	100
Datuk Dr Zainal Aznam bin Mohd Yusof	4/5	80
Dato' Chew Kong Seng @ Chew Kong Huat	5/5	100

The Audit Committee members have attended training and development programmes on the following areas:

- Financial Institutions Directors' Education (FIDE) Programme: Modules 1, 2 and 4;
- Petronas Group Audit Forum;
- Talk on Doing Better Deals;
- Corporate Governance Week organized jointly by Securities Commission and Bursa Malaysia Securities Berhad;
- Briefing on FRS 139 and 112;
- Audit Committee Roundtable Discussion: Economic Downturn and Risk Oversight: Reassessing Risking the Wake of Market Turmoil;
- Briefing on Regional Stock Markets;
- Ernst & Young Tax Seminar;
- Corporate Responsibility Overview and Identifying CR Risks and Opportunities for Companies; and
- The National Accountants Conference 2009.

Internal Audit Function

The Group has established an internal audit department to assist the Audit Committee in discharging its duties and responsibilities.

The main role of the internal audit function is to review the effectiveness and efficiency of the system of internal control. The internal audit function covers and is not confined to the following:

Reviewing Objectives and Activities

Review with Management the operational activities and ensure the principal objectives are aligned to overall Group's objectives.

Evaluating and Assessing Risk Management Functions

Identify all auditable activities and relevant risk factors, and to assess their Risk and monitoring the effectiveness of the risk management programmes and to ensure adequacy of the internal control system.

Confirming Information

Research and gather information that is competent, factual and complete.

Analysing Operations

Analyse and examine that operations are effective.

Providing Assurance on Compliance

Provide assurance on compliance with statutory requirements, laws, Group's policies and guidelines.

Recommend appropriate controls to overcome deficiencies and to enhance the Group's operations.

STATEMENT ON INTERNAL CONTROL

Introduction

The Statement on Internal Control is made pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad. The Board of Directors acknowledges the importance of sound internal controls and risk management practices towards achieving good corporate governance. The Board of Directors is committed to maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Responsibility

The Board of Directors affirms its overall responsibility in maintaining the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of those systems. Due to the limitations that are inherent in any system of internal control, such systems are designed to mitigate rather than eliminate the risks that may impede the achievement of the Group's business objectives. Accordingly, these systems can provide only reasonable and not absolute assurance against material misstatement or loss.

Key Elements of Internal Control

The key elements of the Group's system of internal control are as follows:

1. There is an organisation structure and job descriptions that define lines of responsibility and delegation of authority according to defined limits of authority.
2. Key functions such as finance, corporate and legal matters are controlled centrally.
3. There is a strategic planning and annual budgeting process. The Board reviews and approves the annual budgets.
4. Actual performance is compared against budget and reviewed by the Board. Major variances will be explained.
5. The Audit Committee will review quarterly results to ensure the financial results are prepared in accordance with the Listing Requirements, Companies Act 1965 and applicable FRS so as to present a true and fair view of the financial position of the Group.
6. Policies and procedures of most operating units within the Group are documented in the Group policies and procedures manuals of the Group and/or ISO 9001, where applicable, to ensure compliance with internal control systems and relevant laws and regulations.
7. The Executive Committee involves the Directors and Senior Management who meet as and when necessary with all operating units head to consider financial and operational issues of the Group as well as any management proposal by the operating units.
8. The Internal Audit Department also conducted regular audits to ensure the adequacy and integrity of the internal control system in place and to assist the Audit Committee in carrying out its duties and responsibilities. Weaknesses in the internal control systems were identified and corrective actions were carried out accordingly. None of these weaknesses have resulted in any material losses to the Group.

Risk Management

The Board recognises that risks faced by the Group may have a significant impact to the business and have to be addressed on a timely basis. As such, risk management is an ongoing process subject to continuous review by the Board.

During the financial year under review, the Board continued its review of the risk management efforts carried out by the Group. A series of meetings and interviews were conducted by the Risk Management Units and the Risk Management Committee. These meetings were held to identify, analyse, measure and manage new risks faced by the Group. At the same time, existing risks were further deliberated and rated accordingly. New and existing controls were considered and implemented to ensure that the likelihood and impact of the risks are mitigated.

The risk management processes have been reviewed by the Internal Audit Department annually. The functions of the risk management were found satisfactory.

Conclusion

Based on the above, the Board is of the opinion that the state of the Group's internal control is satisfactory and has not resulted in any material losses or contingencies that would require disclosure in the Company's Annual Report.

STATEMENT ON DIRECTORS' RESPONSIBILITY

This statement is prepared as required by Paragraph 15.27 (a) of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have:

1. adopted appropriate accounting policies and applied them consistently;
2. used reasonable and prudent judgments and estimations;
3. ensure that applicable approved accounting standards have been followed; and
4. prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company; and that the financial statements are prepared in accordance with the Listing Requirements, Companies Act 1965 and applicable FRS.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.



RISK MANAGEMENT

Enterprise Risk Management is a structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the Group faces as it creates value.

The Board acknowledges that considerable effort and commitment is required to implement the risk management framework within the group. Hence, the Audit Committee was assigned by the Board to play key roles in discharging the group risk management duties.

At the management level, Risk Management Committee (RMC) that consists of the senior management and head of departments had been established to monitor and approve the group risk management strategies, policies and guidelines. RMC is responsible for continuously coordinating the implementation of the risk management framework and reporting to the Audit Committee on aggregated view of principal risks inherent in all operating units and companies within the Group, and their respective risk response plans to manage the risks. The committee, in ensuring and encouraging an effective risk management framework, involvement and awareness at all levels top-down and bottom-up, had established a Risk Management Unit (RMU) at the operation level. The members of RMU mainly comprise representatives from operation and support level of various departments.

The Risk Management department constantly strives to improve the design, implementation and maintenance of risk management processes throughout the organisation. We benchmark our enterprise risk management functions against the ISO 31000:2009 and in principle, we have already complied with the international standards. This internal standard is not intended for the purpose of certification with reference to Section 1 (Scope) Paragraph 8 of the ISO 31000:2009 (Risk Management – Principles and Guidelines).

As has been well-publicized, 2009 proved to be an extraordinarily negative year for the global economy and for most business enterprises worldwide. The severe restrictions on credit availability, the additional cost of credit to the extent it was available and the unprecedented collapses of major financial institutions, among other economic and geo-political events, have substantially increased the enterprise risk profiles of commercial organizations, often in ways that are unprecedented or not readily foreseeable. These events have significantly impacted the global properties markets, reducing the volume and pace of commercial properties transactions and negatively impacting property pricing in many countries and markets. The potential consequences of the financial and economic crisis on virtually all business organizations are significant and complex, and may include to one degree or another, among others, materially lower earnings, inability to obtain necessary credit, inability to satisfy covenant obligations in debt other and other agreements, inability to meet financial obligations and the inability to retain key staff members.

Risk Factors

The following important factors could adversely impact our business. These factors could cause our actual results to differ materially from the forward-looking and other statement.

- The property industry is experiencing a prolonged and severe downturn that may continue for an indefinite period and adversely affect our business and results of operations compared to prior periods.
- Further tightening of mortgage lending or mortgage financing requirements or further turmoil in credit and mortgage lending markets could adversely affect the availability of credit for some potential purchasers of our properties and thereby reduce our sales.
- Our strategies in responding to the adverse conditions in the property industry have bad limited success, and the continued implementation of these and other strategies may not be successful.
- Our business is cyclical and is significantly affected by changes in general and local economic conditions.
- Homebuilding and financial services are very competitive, and competitive conditions could adversely affect our business or our financial results.
- The downturn in the housing market and the continuation of the disruptions in the credit markets could limit our ability to access capital and increase our costs of capital or stakeholder dilution.
- Supply shortages and other risks related to demand for building materials and/or skilled labor could increase costs and delay deliveries.
- Inflation may adversely affect us by increasing costs that we may not be able to recover, particularly if sales prices decrease.
- Our long-term success depends on the availability of improved lots and undeveloped land that meet our land investment criteria.
- Properties prices and sales activity in the particular markets and regions in which we do business affect our results of operations because our business is concentrated in these markets.
- We are subject to substantial legal and regulatory requirements regarding the development of land, the property process and protection of the environment, which can cause us to suffer delays and incur cost associated with compliance and which can prohibit or restrict homebuilding activity in some regions areas.

FINANCIAL REPORT

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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 2009.

Principal activities

The principal activities of the Company are investment holding and provision of general management support services. The principal activities for the current year include construction.

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

Results

	Group RM	Company RM
Profit/(loss) for the year	26,893,214	(1,678,104)
Attributable to:		
Equity holders of the Company	20,485,187	(1,678,104)
Minority interests	6,408,027	-
	26,893,214	(1,678,104)

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.

Dividends

No dividend has been paid by the Company since the date of the last report.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009, of 5% single tier dividend on 223,508,536 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

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	(appointed on 1 September 2009)
Yeoh Soo Ann	
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	(appointed on 25 September 2009)
Datuk Dr Md Hamzah bin Md Kassim	(appointed on 17 December 2009)
Tan Sri Datuk (Dr) Omar bin Abdul Rahman	(resigned on 1 September 2009)

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 9 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 30 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			
	1.1.2009	Acquired	Sold	31.12.2009
(a) Direct interest in shares of the Company:				
Datuk (Dr) Ting Ding Ing	2,278,000	-	-	2,278,000
(b) Deemed interest in shares of the Company:				
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 2,621,200 of its issued ordinary shares from the open market at an average price of RM0.76 per share. The total consideration paid for the repurchase including transaction costs was RM1,990,765. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2009, the Company held as treasury shares a total of 10,263,000 of its 223,508,536 issued ordinary shares. Such treasury shares are held at a carrying amount of RM8,663,797 and further relevant details are disclosed in Note 24 to the financial statements.

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and 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) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

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

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

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

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

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

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

(f) In the opinion of the directors:

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

Other statutory information (contd.)

(f) (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.

Subsequent events

The subsequent events are disclosed in Note 31 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 21 April 2010.

YB Dato Sri Mohd Effendi bin Norwawi

Yeoh Soo Ann

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

We, YB Dato Sri Mohd Effendi bin Norwawi and Yeoh Soo Ann, being the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 74 to 142 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2010.

YB Dato Sri Mohd Effendi bin Norwawi

Yeoh Soo Ann

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

I, Lee Wai Yong, 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 74 to 142 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 Lee Wai Yong
at Kuala Lumpur in the Federal
Territory on 21 April 2010

Lee Wai Yong

Before me,

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

Report on the financial statements

We have audited the financial statements of Encorp Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 74 to 142.

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.

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 2009 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 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.

(c) 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

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

Ernst & Young
AF: 0039
Chartered Accountants

George Koshy
No. 1846/07/11 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 April 2010

Income statements
For the year ended 31 December 2009

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
Revenue	3	234,905,562	287,510,264	9,003,512	4,440,000
Cost of sales	4	(85,273,945)	(94,362,689)	(2,855,242)	-
Gross profit		149,631,617	193,147,575	6,148,270	4,440,000
Other income	5	11,216,892	6,427,776	443,648	1,715,931
Selling and marketing expenses		(753,930)	(952,073)	-	-
Administrative expenses		(14,584,088)	(12,445,596)	(7,685,103)	(7,622,989)
Other expenses		(8,306,999)	(11,258,043)	(436,100)	(366,082)
Operating profit/(loss)		137,203,492	174,919,639	(1,529,285)	(1,833,140)
Finance costs	6	(101,897,845)	(104,197,246)	(26,943)	(39,983)
Profit/(loss) before tax	7	35,305,647	70,722,393	(1,556,228)	(1,873,123)
Income tax expense	10	(8,412,433)	(17,863,973)	(121,876)	(15,892)
Profit/(loss) for the year		26,893,214	52,858,420	(1,678,104)	(1,889,015)
Attributable to:					
Equity holders of the Company		20,485,187	36,558,657	(1,678,104)	(1,889,015)
Minority interests		6,408,027	16,299,763	-	-
		26,893,214	52,858,420	(1,678,104)	(1,889,015)
Basic earnings per share attributable to equity holders of the Company (sen)	11	9.6	16.6		

The accompanying notes form an integral part of the financial statements.

Balance sheets as at 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Non-current assets					
Property, plant and equipment	13	6,953,426	5,325,137	2,640,720	1,264,130
Land held for property development	14(a)	32,062,256	60,481,474	-	16,115,294
Investments in subsidiaries	15	-	-	295,960,000	295,960,000
Goodwill on consolidation	16	123,155,656	130,478,801	-	-
Concession income receivables	17	1,005,018,824	1,026,426,301	-	-
Deferred tax assets	18	2,734,832	75,986	-	-
		1,169,924,994	1,222,787,699	298,600,720	313,339,424
Current assets					
Property development costs	14(b)	175,135,201	123,261,260	-	-
Inventories	19	415,937	392,776	-	-
Trade and other receivables	20	243,160,250	178,020,034	46,141,780	24,278,330
Short term investment	22	86,370,771	104,299,587	-	12,273,470
Cash and bank balances	23	36,062,976	81,316,195	9,483,148	7,400,667
		541,145,135	487,289,852	55,624,928	43,952,467
Total assets		1,711,070,129	1,710,077,551	354,225,648	357,291,891

Balance sheets as at 31 December 2009 (contd.)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	223,508,536	223,508,536	223,508,536	223,508,536
Share premium		103,563,392	103,563,392	103,563,392	103,563,392
Treasury shares	24	(8,663,797)	(6,673,032)	(8,663,797)	(6,673,032)
(Accumulated losses)/ retained earnings		(4,979,534)	(25,464,721)	4,437,869	6,115,973
		313,428,597	294,934,175	322,846,000	326,514,869
Minority interests		27,881,022	23,137,995	-	-
Total equity		341,309,619	318,072,170	322,846,000	326,514,869
Non-current liabilities					
Trade payables	25	61,046,066	66,040,845	-	-
Borrowings	26	1,030,241,110	1,056,738,437	164,852	444,740
Deferred tax liabilities	18	31,057,977	30,093,389	-	-
		1,122,345,153	1,152,872,671	164,852	444,740
Current liabilities					
Trade and other payables	25	108,433,346	93,051,843	31,022,225	30,017,654
Borrowings	26	136,273,740	136,314,628	192,571	314,628
Income tax payable		2,708,271	9,766,239	-	-
		247,415,357	239,132,710	31,214,796	30,332,282
Total liabilities		1,369,760,510	1,392,005,381	31,379,648	30,777,022
Total equity and liabilities		1,711,070,129	1,710,077,551	354,225,648	357,291,891

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2009

	Attributable to equity holders of the Company					Minority interests	Total equity
	Non-distributable						
	Share capital RM	Share premium RM	Treasury shares RM	Accumulated losses RM	Total RM	RM	RM
At 1 January 2008	223,508,536	103,563,392	-	(40,195,792)	286,876,136	6,838,232	293,714,368
Profit for the year	-	-	-	36,558,657	36,558,657	16,299,763	52,858,420
Dividends (Note 12)	-	-	-	(21,827,586)	(21,827,586)	-	(21,827,586)
Purchase of treasury shares (Note 24)	-	-	(6,673,032)	-	(6,673,032)	-	(6,673,032)
At 31 December 2008	223,508,536	103,563,392	(6,673,032)	(25,464,721)	294,934,175	23,137,995	318,072,170
At 1 January 2009	223,508,536	103,563,392	(6,673,032)	(25,464,721)	294,934,175	23,137,995	318,072,170
Profit for the year	-	-	-	20,485,187	20,485,187	6,408,027	26,893,214
Dividends paid by a subsidiary	-	-	-	-	-	(1,665,000)	(1,665,000)
Purchase of treasury shares (Note 24)	-	-	(1,990,765)	-	(1,990,765)	-	(1,990,765)
At 31 December 2009	223,508,536	103,563,392	(8,663,797)	(4,979,534)	313,428,597	27,881,022	341,309,619

The accompanying notes form an integral part of the financial statements.

Company statement of changes in equity
For the year ended 31 December 2009

	← Non-distributable →			Distributable	
	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings (Note 28) RM	Total equity RM
At 1 January 2008	223,508,536	103,563,392	-	29,832,574	356,904,502
Loss for the year	-	-	-	(1,889,015)	(1,889,015)
Dividends (Note 12)	-	-	-	(21,827,586)	(21,827,586)
Purchase of treasury shares (Note 24)	-	-	(6,673,032)	-	(6,673,032)
At 31 December 2008	223,508,536	103,563,392	(6,673,032)	6,115,973	326,514,869
At 1 January 2009	223,508,536	103,563,392	(6,673,032)	6,115,973	326,514,869
Loss for the year	-	-	-	(1,678,104)	(1,678,104)
Purchase of treasury shares (Note 24)	-	-	(1,990,765)	-	(1,990,765)
At 31 December 2009	223,508,536	103,563,392	(8,663,797)	4,437,869	322,846,000

The accompanying notes form an integral part of the financial statements.

Cash flow statements
For the year ended 31 December 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit/(loss) before tax	35,305,647	70,722,393	(1,556,228)	(1,873,123)
Adjustments for:				
Depreciation	983,054	857,739	436,100	366,082
Interest expense	101,897,845	104,197,246	26,943	39,983
Distribution income from Fixed Maturity Fund	(3,782,387)	-	(215,318)	-
Loss/(gain) on disposal of short term investment	1,567,738	(2,564,430)	122,884	(999,306)
Interest income	(575,614)	(3,476,848)	(169,099)	(716,625)
Writeback of provision for short term accumulating compensated absences	(20,091)	(12,169)	-	-
Provision for liquidated ascertained damages	539,976	58,298	-	-
(Gain)/loss on disposal of property, plant and equipment	(143,429)	30,328	(59,231)	20
Property, plant and equipment written off	151,291	-	-	-
Impairment of goodwill on consolidation	7,323,145	10,400,305	-	-
Reversal of consultant claim over provided in prior year	(3,858,311)	-	-	-
Reversal of provision of unbilled construction works	(2,357,543)	-	-	-
Operating profit/(loss) before working capital changes	137,031,321	180,212,862	(1,413,949)	(3,182,969)
Changes in working capital:				
Development expenditure	(23,454,723)	(12,415,744)	16,115,294	-
Inventories	(23,161)	(392,776)	-	-
Receivables	(43,404,250)	9,370,871	(4,030,461)	(262,465)
Corporate shareholder and affiliated company	(3,225,286)	(6,882,201)	54,199	-
Trade and other payables	18,956,442	(38,948,052)	(341,866)	(1,168,346)
Subsidiaries	-	-	(16,859,882)	(13,273,732)
Cash generated from/(used in) operations	85,880,343	130,944,960	(6,476,665)	(17,887,512)
Interest paid	(30,902)	(39,983)	(26,943)	(39,983)
Income taxes (paid)/refunded	(17,562,154)	(14,032,438)	(29,999)	1,358,967
Net cash flow generated from/ (used in) operating activities	68,287,287	116,872,539	(6,533,607)	(16,568,528)

Cash flow statements
For the year ended 31 December 2009 (contd.)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from investing activities				
Purchase of property, plant and equipment (Note a)	(2,651,867)	(361,117)	(1,826,205)	(118,533)
Proceeds from disposal of property, plant and equipment	384,199	119,296	300,000	1,100
Purchase of land held for property development	-	(16,115,294)	-	(16,115,294)
Investment in short term funds	16,361,078	(101,735,157)	12,150,586	(11,274,164)
Interest received	644,620	3,742,670	169,099	716,625
Distribution income	3,782,387	-	215,318	-
Net cash flow generated from /(used in) investing activities	18,520,417	(114,349,602)	11,008,798	(26,790,266)
Cash flows from financing activities				
Redemption of Al-Bai Bithaman Ajil Notes ("ABBA Notes")	(128,084,382)	(128,000,000)	-	-
Dividends paid to:				
- shareholders of the Company	-	(21,827,586)	-	(21,827,586)
- minority shareholder of a subsidiary	(1,665,000)	-	-	-
Withdrawal/(placement) of deposits pledged	39,910,103	59,119,245	(1,026,529)	(3,567,938)
Purchase of treasury shares	(1,990,765)	(6,673,032)	(1,990,765)	(6,673,032)
Net repayment of hire purchase payables	(320,776)	(300,709)	(401,945)	(300,709)
Net cash flow used in financing activities	(92,150,820)	(97,682,082)	(3,419,239)	(32,369,265)

Cash flow statements
For the year ended 31 December 2009 (contd.)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Net (decrease)/increase in cash and cash equivalents	(5,343,116)	(95,159,145)	1,055,952	(75,728,059)
Cash and cash equivalents at beginning of year	13,288,372	108,447,517	800,667	76,528,726
Cash and cash equivalents at end of year (Note 23)	7,945,256	13,288,372	1,856,619	800,667

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash	2,651,867	361,117	1,826,205	118,533
Accruals	351,537	-	227,254	-
	3,003,404	361,117	2,053,459	118,533

The accompanying notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). 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 and provision of general management support services. The principal activities for the current year include construction. The principal activities of the subsidiaries are disclosed in Note 15. There have been no significant changes in the nature of the group's principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia ("FRS"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

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. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition 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 acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interest represents the portion of profit or loss and net assets in a subsidiary not held by the Group. It is measured at the minority's share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiary's equity since then.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(c) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) 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.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

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

(i) Land held for property development (contd.)

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 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.

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 the income statement is classified as progress billings within trade payables.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(e) 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 reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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.

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.

(f) Impairment of non-financial assets

The carrying amounts of assets, other than property development costs, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(f) Impairment of non-financial assets (contd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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 considered impaired and 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.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) 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.

(h) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(h) Financial instruments (contd.)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iii) Short term investment

Short term investment is stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(iv) Concession income receivable

Concession income receivable is carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(h) Financial instruments (contd.)

(vi) Equity instruments (contd.)

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance 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.

(vii) Borrowings

Al-Bai Bithaman Ajil Notes ("ABBA Notes") and interest bearing bank loans are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties are capitalised as part of the cost of those assets in accordance with Note 2.2(d).

All other borrowing costs are charged to the income statement as an expense in the year in which they are incurred.

(viii) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(i) 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. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(iii) Operating leases - the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(m) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(n) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.2(d)(ii) in respect of all building units that have been sold. Revenue relating to sale of completed properties is recognised upon, net of discounts upon the transfer of significant risks and rewards of ownership to the buyer.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(e).

2. Significant accounting policies (contd.)

2.2 Summary of significant accounting policies (contd.)

(n) Revenue recognition (contd.)

(iii) 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.

(iv) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. 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.

(v) Interest income

Interest income from the concession is recognised on an accrual basis using the sum-of-digits method over the residual concession period.

All other interest income is recognised in the income statement on an accrual basis.

(vi) Dividend income

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

(vii) Management fee

Management fees are recognised when services are rendered.

(viii) Rental income

Rental income is recognised on an accrual basis.

(ix) Distribution income

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

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company which are:

FRSs, amendments to FRSs and interpretations

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 132	Financial Instruments: Presentations
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Dislosures and Reassessment of Embedded Derivatives
Improvement to FRSs 2009	Improvement to FRSs (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
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Financial Instruments: Classification of Rights Issue

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

FRSs, amendments to FRSs and interpretations (contd.)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

The Group and the Company plans to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

(a) FRS 101: Presentation of financial statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. 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 reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

FRSs, amendments to FRSs and interpretations (contd.)

(b) FRS 8: Operating Segment

FRS 8 replaces FRS 114_{2004}: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

(c) FRS 123: Borrowing cost

This Standard supersedes FRS 1232004: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's and the Company current accounting policy is to capitalise borrowing costs directly attributable to the acquisition and construction of development properties and to expense all other borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group and the Company will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

(d) FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(e) IC Interpretation 15: Agreements for the Construction of Real Estate

In applying IFRIC 15, the Group is required to recognise the revenue from property development activities on a completion basis. The impact of IFRIC 15 cannot be reasonably estimated, due to uncertainties surrounding the expectation of future sales and fluctuation of development cost.

2. Significant accounting policies (contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

(f) FRS 139: Financial instruments: recognition and measurement, FRS 7: Financial instruments: Disclosures and amendments to FRS 139: Financial instruments: recognition and measurement, FRS 7: Financial instruments: disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and the Company's exposure to risks, enhanced disclosure regarding components of the Group's and the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company is exempted from disclosing the possible impact to the financial statements upon the initial application.

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that has significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future revenue from the CGU. The carrying amount of goodwill as at 31 December 2009 is RM123,155,656 (2008: RM130,478,801).

Further details are disclosed in Note 16.

2. Significant accounting policies (contd.)

2.4 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty (Contd.)

(ii) 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.

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 the above experts.

(iii) Construction contract

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

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

(iv) 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 a subsidiary of the Company surrounding the following matters:

(i) the basis of taxation of the subsidiary; and
(ii) the tax treatment of annuity concession income, concession expenditure and finance cost on the ABBA Notes.
(iii) the tax penalty rate imposed on late payment of taxes of another subsidiary which also involved in the said project.

As at the balance sheet date, the Group recognised the expected tax liabilities based on management's best estimates and submissions previously done 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.

2. Significant accounting policies (contd.)

2.4 Significant accounting estimates and judgements (contd.)(contd.)

(b) Key sources of estimation uncertainty (contd.)

(v) 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.

3. Revenue

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Concession income from the handover of teachers' quarters	115,342,738	117,372,107	-	-
Management fees	-	-	6,090,000	4,440,000
Sale of properties under development	71,076,287	170,138,157	-	-
Construction contracts	43,044,850	-	2,913,512	-
Sale of goods	5,441,687	-	-	-
	234,905,562	287,510,264	9,003,512	4,440,000

4. Cost of sales

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Property development costs (Note 14(b))	40,708,804	94,362,689	-	-
Construction contracts costs	39,627,765	-	2,855,242	-
Cost of inventories sold	4,937,376	-	-	-
	85,273,945	94,362,689	2,855,242	-

5. Other income

Other income includes the following:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest income on:				
- deposits placed in licensed banks and corporations	565,264	3,365,106	169,099	716,625
- late payments from house buyers	10,350	111,742	-	-
Distribution from Fixed Maturity Fund (Note 22)	3,782,387	-	215,318	-
Gain on disposal of short term investment (Note 22)	-	2,564,430	-	999,306
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	-

6. Finance costs

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
- hire purchase payables	30,902	39,983	26,943	39,983
- ABBA Notes	101,866,943	104,157,263	-	-
- trade payables	1,168,879	1,851,900	-	-
	103,066,724	106,049,146	26,943	39,983
Less: Interest capitalised in qualifying assets property development costs (Note 14 (b))	(1,168,879)	(1,851,900)	-	-
	101,897,845	104,197,246	26,943	39,983

7. Profit/(loss) before tax

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Employee benefits expense (Note 8)	8,301,482	6,983,521	5,169,706	5,394,573
Non-executive directors' remuneration (Note 9)	426,912	474,300	382,912	430,500
Auditors' remuneration:				
-statutory audits	114,700	107,000	49,000	49,000
-other services	55,000	46,000	7,700	7,700
Depreciation of property, plant and equipment (Note 13)	983,054	857,739	436,100	366,082
Rental of premises	11,100	13,513	234,500	240,000
Rental of equipment	53,841	39,815	31,963	17,865
Impairment of goodwill on consolidation (Note 16)	7,323,145	10,400,305	-	-
Write back of short term accumulating compensated absences (Note 25 (f))	(20,091)	(12,169)	-	-
Loss on disposal of short term investment (Note 22)	1,567,738	-	122,884	-
Loss on disposal of property, plant and equipment	-	30,328	-	20
Property, plant and equipment written off (Note 13(b))	151,291	-	-	-
Provision for liquidated ascertained damages (Note 25 (g))	539,976	58,298	-	-

8. Employee benefits expense

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Wages and salaries	7,294,044	6,063,908	4,567,972	4,792,466
Social security costs	32,432	28,979	20,097	21,435
Pension cost - defined contribution plans	559,740	577,601	336,319	404,601
Write back of short term accumulating compensated absences (Note 25 (f))	(20,091)	(12,169)	-	-
Other staff related expenses	435,357	325,202	245,318	176,071
	8,301,482	6,983,521	5,169,706	5,394,573

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,069,622 (2008: RM1,685,743) and RM1,761,994 (2008: RM1,324,479) respectively as further disclosed in Note 9.

9. 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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	1,804,566	1,449,414	1,529,914	1,124,954
Fees	80,000	72,000	80,000	72,000
Defined contribution plan	185,056	164,329	152,080	127,525
	2,069,622	1,685,743	1,761,994	1,324,479
Estimated money value of benefits-in-kind	178,676	122,526	124,090	122,526
	2,248,298	1,808,269	1,886,084	1,447,005
Non-executive:				
Fees	268,412	319,000	268,412	279,000
Allowances and other emoluments	158,500	155,300	114,500	151,500
	426,912	474,300	382,912	430,500
Estimated money value of benefits-in-kind	21,250	21,250	21,250	21,250
	448,162	495,550	404,162	451,750
	2,696,460	2,303,819	2,290,246	1,898,755

9. Directors' remuneration (contd.)

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

	Number of directors	
	2009	2008
Executive directors:		
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	2
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	1	-
RM 950,001 - RM1,000,000	-	1
RM 1,000,001 - RM1,050,000	1	-
	4	3
Non-executive directors:		
< RM50,000	2	-
RM50,001 - RM100,000	4	4
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	1
	7	5

10. Income tax expense

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	7,124,488	17,846,849	30,000	-
Under/(over) provision in prior years	2,982,203	(57,422)	91,876	15,892
	10,106,691	17,789,427	121,876	15,892
Deferred taxation (Note 18):				
Relating to origination and reversal of temporary differences	1,000,251	66,137	-	-
Relating to changes in tax rate	-	8,409	-	-
Over provision in prior years	(2,694,509)	-	-	-
	(1,694,258)	74,546	-	-
Total income tax expense	8,412,433	17,863,973	121,876	15,892

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

10. Income tax expense (contd.)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(loss) before tax	35,305,647	70,722,393	(1,556,228)	(1,873,123)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	8,826,412	18,387,822	(389,057)	(487,012)
Effect of income not subject to tax	(2,372,537)	-	(68,657)	-
Effect of expenses not deductible for tax purpose	3,310,476	2,378,515	355,237	269,967
Effect of changes in tax rates on opening balance of deferred tax	-	8,409	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,786,532)	(3,457,774)	-	-
Deferred tax assets not recognised during the year	146,920	604,423	132,477	217,045
Under/(over) provided in prior years				
- current taxation	2,982,203	(57,422)	91,876	15,892
- deferred tax	(2,694,509)	-	-	-
Tax expense for the year	8,412,433	17,863,973	121,876	15,892
Tax savings during the financial year arising from:				
Utilisation of current year tax losses	42,276	205,573	42,276	186,323

11. Earnings per share

Earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2009	2008
	RM	RM
Profit for the year	20,485,187	36,558,657

	2009	2008
Weighted average number of ordinary shares in issue	214,051,151	219,642,340

	2009	2008
	Sen	Sen
Basic earnings per share	9.6	16.6

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

12. Dividends

	Dividends in respect of year			Dividends recognised in year	
	2009	2008	2007	2009	2008
				RM	RM
Recognised during the year:					
Interim dividend for 2008: 5% single tier dividend, on 216,181,036 ordinary shares	-	10,809,052	-	-	10,809,052
Interim dividend for 2007: 5% which comprises of a 4.73% single tier dividend and a 0.27% dividend less 26% taxation, on 223,508,536 ordinary shares	-	-	11,018,534	-	11,018,534
	-	10,809,052	11,018,534	-	21,827,586

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009, of 5% single tier dividend on 223,508,536 ordinary shares will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

13. Property, plant and equipment

	Commercial office space RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Office renovation RM	Total RM
Group					
At 31 December 2009					
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	3,756,750	1,556,173	2,141,203	4,680,049	12,134,175
Accumulated depreciation and impairment					
At 1 January 2009	657,431	630,853	1,338,367	1,964,362	4,591,013
Charge for the year (Note 7)	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	732,566	569,326	1,562,299	2,316,558	5,180,749
Net carrying amount					
At 31 December 2009	3,024,184	986,847	578,904	2,363,491	6,953,426
At 31 December 2008					
Cost					
At 1 January 2008	3,756,750	1,899,387	1,715,610	2,434,899	9,806,646
Additions	-	85,000	276,117	-	361,117
Disposals	-	(150,825)	(100,788)	-	(251,613)
At 31 December 2008	3,756,750	1,833,562	1,890,939	2,434,899	9,916,150
Accumulated depreciation and impairment					
At 1 January 2008	582,296	344,923	1,187,133	1,720,911	3,835,263
Charge for the year (Note 7)	75,135	318,295	220,858	243,451	857,739
Disposals	-	(32,365)	(69,624)	-	(101,989)
At 31 December 2008	657,431	630,853	1,338,367	1,964,362	4,591,013
Net carrying amount					
At 31 December 2008	3,099,319	1,202,709	552,572	470,537	5,325,137

13. Property, plant and equipment (contd.)

	Office renovation RM	Motor vehicles RM	Office equipment RM	Total RM
Company				
At 31 December 2009				
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	1,507,008	1,388,340	619,464	3,514,812
Accumulated depreciation				
At 1 January 2009	3,844	405,527	212,738	622,109
Charge for the year (Note 7)	73,307	283,482	79,311	436,100
Disposals	-	(184,117)	-	(184,117)
At 31 December 2009	77,151	504,892	292,049	874,092
Net carrying amount				
At 31 December 2009	1,429,857	883,448	327,415	2,640,720
At 31 December 2008				
Cost				
At 1 January 2008	10,250	1,483,226	276,629	1,770,105
Additions	-	-	118,533	118,533
Disposals	-	-	(2,399)	(2,399)
At 31 December 2008	10,250	1,483,226	392,763	1,886,239
Accumulated depreciation				
At 1 January 2008	2,819	108,882	145,605	257,306
Charge for the year (Note 7)	1,025	296,645	68,412	366,082
Disposals	-	-	(1,279)	(1,279)
At 31 December 2008	3,844	405,527	212,738	622,109
Net carrying amount				
At 31 December 2008	6,406	1,077,699	180,025	1,264,130

Included in property,plant and equipment of the Group and of the Company are motor vehicles with net carrying amount of RM564,448 (2008:RM1,077,699) held under hire purchase arrangements.

14. Land held for property development and property development costs

(a) Land held for property development

	Leasehold land RM
Group	
At 31 December 2009	
At cost	
At 1 January 2009	60,481,474
Transfer to property development costs (Note 14(b))	(28,419,218)
At 31 December 2009	32,062,256
Carrying amount at 31 December 2009	32,062,256
At 31 December 2008	
At cost	
At 1 January 2008	51,568,134
Additions	16,115,294
Transfer to property development costs (Note 14(b))	(7,201,954)
At 31 December 2008	60,481,474
Carrying amount at 31 December 2008	60,481,474
Company	
At 31 December 2009	
At cost	
At 1 January 2009	16,115,294
Disposal to subsidiary	(16,115,294)
At 31 December 2009	-
Carrying amount at 31 December 2009	-
At 31 December 2008	
At cost	
At 1 January 2008	-
Addition	16,115,294
At 31 December 2008	16,115,294
Carrying amount at 31 December 2008	16,115,294

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

(b) Property development costs

	Leasehold land RM	Development expenditure RM	Total RM
Group			
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 14(a))	28,419,218	-	28,419,218
At 31 December 2009	81,243,988	322,531,925	403,775,913
Cumulative costs recognised in income statement			
At 1 January 2009	(17,471,428)	(170,460,480)	(187,931,908)
Recognised during the year (Note 4)	(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	59,666,321	115,468,880	175,135,201
At 31 December 2008			
Cumulative property development costs			
At 1 January 2008	49,087,641	172,787,854	221,875,495
Costs incurred during the year	-	107,171,209	107,171,209
Reversal of completed project	(3,411,260)	(21,251,454)	(24,662,714)
Transfer from land held for property development (Note 14(a))	7,201,954	-	7,201,954
Unsold unit transferred to inventory (Note 19)	(54,020)	(338,756)	(392,776)
At 31 December 2008	52,824,315	258,368,853	311,193,168
Cumulative costs recognised in income statement			
At 1 January 2008	(11,987,859)	(106,244,074)	(118,231,933)
Reversal of completed project	3,411,260	21,251,454	24,662,714
Recognised during the year (Note 4)	(8,894,829)	(85,467,860)	(94,362,689)
At 31 December 2008	(17,471,428)	(170,460,480)	(187,931,908)
Property development costs at 31 December 2008	35,352,887	87,908,373	123,261,260

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

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

	Group	
	2009	2008
	RM	RM
Interest expense (Note 6)	1,168,879	1,851,900

The land held for development was purchased from PKNS in prior years as disclosed in Note 25(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.

15. Investments in subsidiaries

	Company	
	2009	2008
	RM	RM
Unquoted shares at cost	295,960,000	295,960,000

Details of the subsidiaries are as follow:

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Equity interest held (%) 2009	2008
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

15. Investments in subsidiaries (contd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Equity interest held (%) 2009	2008
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.	1,000	Malaysia	Property construction	100	100
Subsidiaries of Encorp Construct Sdn. Bhd.					
Encorp Trading Services Sdn. Bhd.	100	Malaysia	General Trading	100	-
Subsidiary of Encorp Must Sdn. Bhd.					
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70
Encorp Development Sdn. Bhd.	*	Malaysia	Property development	100	-

* Represent paid-up capital of two (2) ordinary shares of RM1 each

15. Investments in subsidiaries (contd.)

(a) Incorporation of a new subsidiary, Encorp Trading Services Sdn. Bhd.

On 7 January 2009, Encorp Construct Sdn. Bhd. ("ECSB") incorporated a wholly-owned subsidiary known as Encorp Trading Services Sdn. Bhd. ("ETSSB").

ETSSB was incorporated as a private company limited by shares and the authorised share capital of ETSSB is 100,000 ordinary shares of RM1 each. The issued and paid-up share capital of ETSSB is two (2) ordinary shares of RM1 each.

Subsequently, on 13 Feb 2009, ETSSB increased the authorised share capital from RM100,000 to RM5,000,000 and ECSB has subscribed 99,998 ordinary shares of RM1 each in ETSSB. The investment in ETSSB by ECSB has increased from RM2 to RM100,000 accordingly.

(b) Acquisition of subsidiaries

During the financial year, the Encorp Must Sdn. Bhd. ("EMSB") acquired 100% equity interest in Encorp Development Sdn. Bhd.. The cost of acquisition of RM2 was satisfied by cash.

The acquired subsidiary does not have any material effect on the financial results and financial position of the Group.

16. Goodwill on consolidation

	Group	
	2009	2008
	RM	RM
Cost		
At 1 January/31 December	197,003,142	197,003,142
Accumulated impairment		
At 1 January	(66,524,341)	(56,124,036)
Impairment loss recognised in income statement (Note 7)	(7,323,145)	(10,400,305)
At 31 December	(73,847,486)	(66,524,341)
Net carrying amount at 31 December	123,155,656	130,478,801

16. Goodwill on consolidation (contd.)

(a) 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:

	2009 RM	2008 RM
Goodwill - business segment		
Property development	32,862,615	35,180,788
Concessionaire	90,293,041	95,298,013
	123,155,656	130,478,801

(b) Key basis used in determining the recoverable amount

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.

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 17.

As at 31 December :

	2009 RM	2008 RM
Basic	77,001,334	81,259,456
Final Accounts - Additional Works	13,291,707	14,038,557
	90,293,041	95,298,013

17. Concession income receivables

	Group	
	2009	2008
	RM	RM
Concession income receivables accrued:		
- Within 1 year	142,188,968	140,872,308
- 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	1,789,360,271	1,926,110,486
	2,478,580,835	2,614,014,390
Unearned interest income	(1,331,373,043)	(1,446,715,781)
	1,147,207,792	1,167,298,609
Receivable within one year (Note 20)	142,188,968	140,872,308
Receivable after one year	1,005,018,824	1,026,426,301
	1,147,207,792	1,167,298,609

The Group's normal trade credit term on concession income receivables is 21 (2008: 21) days.

The entire concession income receivables are pledged to the holders of the ABBA Notes as disclosed in Note 26.

As at balance sheet date, the Group has a significant concentration of credit risk. The entire concession income receivables are due from the Government of Malaysia.

18. Deferred tax (assets)/liabilities

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
At 1 January	30,017,403	29,942,857	-	-
Recognised in income statement (Note 10)	(1,694,258)	74,546	-	-
At 31 December	28,323,145	30,017,403	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,734,832)	(75,986)	(55,090)	(43,866)
Deferred tax liabilities	31,057,977	30,093,389	55,090	43,866
	28,323,145	30,017,403	-	-

18. Deferred tax (assets)/liabilities (contd.)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Progress billings RM	Accelerated capital allowances RM	Total RM
At 1 January 2009	290,772,150	61,767	290,833,917
Recognised in the income statement	(5,327,969)	4,676	(5,323,293)
At 31 December 2009	285,444,181	66,443	285,510,624
At 1 January 2008	295,618,567	120,471	295,739,038
Recognised in the income statement	(4,846,417)	(58,704)	(4,905,121)
At 31 December 2008	290,772,150	61,767	290,833,917

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM	Provision RM	Total RM
At 1 January 2009	(260,770,929)	(45,585)	(260,816,514)
Recognised in the income statement	6,287,881	(2,658,846)	3,629,035
At 31 December 2009	(254,483,048)	(2,704,431)	(257,187,479)
At 1 January 2008	(265,611,959)	(184,222)	(265,796,181)
Recognised in the income statement	4,841,030	138,637	4,979,667
At 31 December 2008	(260,770,929)	(45,585)	(260,816,514)

18. Deferred tax (assets)/liabilities (contd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM
At 1 January 2009	43,866
Recognised in the income statement	11,224
At 31 December 2009	55,090
At 1 January 2008	44,265
Recognised in the income statement	(399)
At 31 December 2008	43,866

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM
At 1 January 2009	(43,866)
Recognised in the income statement	(11,224)
At 31 December 2009	(55,090)
At 1 January 2008	(44,265)
Recognised in the income statement	399
At 31 December 2008	(43,866)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax losses and unabsorbed capital allowances	2,775,215	9,333,663	1,392,092	862,183
Other deductible temporary difference - provisions	589,933	589,933	52,933	52,933

The unutilised tax losses and unabsorbed capital allowances of the Group and of the Company amounting to RM2,775,215 (2008: RM9,333,663) and RM1,392,092 (2008: RM862,183) respectively are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. Inventories

	Group	
	2009	2008
	RM	RM
Cost		
Property held for sale (Note 14(b))	392,776	392,776
Trading goods	23,161	-
	415,937	392,776

20. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	46,453,569	10,674,948	4,013,523	-
Accrued billings in respect of property development costs	3,158,456	15,455,687	-	-
Concession income receivable within one year (Note 17)	142,188,968	140,872,308	-	-
Subsidiaries (a)	-	-	40,991,176	23,066,310
Construction contracts: Due from customers (Note 21)	12,725	709,758	-	-
	191,813,718	167,712,701	45,004,699	23,066,310
Other receivables				
Deposits (b)	6,765,664	6,425,222	12,300	60,310
Prepayments (c)	41,645,875	611,154	113,897	336,950
Tax recoverable	1,332,638	935,143	641,637	733,514
Sundry receivables	1,602,355	2,335,814	369,247	81,246
Other receivables, net	51,346,532	10,307,333	1,137,081	1,212,020
Total trade and other receivables	243,160,250	178,020,034	46,141,780	24,278,330

(a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20. Trade and other receivables (contd.)

(b) Included in deposits is an amount paid to Indi Makmur Sdn. Bhd. ("Indi Makmur") and Lunarhati Sdn. Bhd. ("Lunarhati") amounting to RM5 million (2008: 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 lands into a mixed development comprising residential and commercial development. EMSB's contribution under the JVA is to:

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

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

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

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

On 2 April 2010, 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 2011.

Two directors of the Company have significant interests in Indi Makmur and Lunarhati.

(c) Included in the prepayment is prepaid ABBA Notes amounting to RM41,300,000 which will be due on 3 January 2010.

The Group's normal credit terms ranges from 14 to 21 (2008: 14 to 21) days.

21. Due from/(to) customers on contracts

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Construction costs incurred to date	103,937,198	45,339,715	6,619,450	-
Attributable profits	5,700,311	1,940,571	58,270	-
	109,637,509	47,280,286	6,677,720	-
Less: Progress billings	(114,802,403)	(46,570,528)	(6,754,546)	-
	(5,164,894)	709,758	(76,826)	-
Due from customers on contracts (Note 20)	12,725	709,758	-	-
Due to customers on contracts (Note 25)	(5,177,619)	-	(76,826)	-
	(5,164,894)	709,758	(76,826)	-

	Group	
	2009	2008
	RM	RM
Advances received from contracts are included within trade payables (Note 25).	5,000,000	-

22. Short term investment

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Fixed Maturity Fund	86,370,771	104,299,587	-	12,273,470

The Fixed Maturity Plan Fund ("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.

Included in the fund of the Group is an amount of RM86,230,610 held in trust for the holders of the ABBA Notes.

Other information on financial risks of short term investment are disclosed in Note 32.

23. Cash and bank balances

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks (a)	6,766,413	9,718,187	33,118	422,322
Deposits with:				
- licensed banks (b)	17,181,424	18,212,035	9,450,030	6,978,345
- a licensed corporation (c)	12,115,139	53,385,973	-	-
Cash and bank balances	36,062,976	81,316,195	9,483,148	7,400,667

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

(i) An amount of nil (2008: RM16,772) held by a licensed corporation in trust for the holders of the ABBA Notes; and

(ii) An amount of RM2,122,148 (2008: RM2,846,388) 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 (2008: nil) is held as sinking fund in relation to the bank guarantee facilities granted to a subsidiary.

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

(i) Deposits of RM1,428,690 (2008: RM1,428,690) pledged to bank for credit facilities granted to a subsidiary company, Must Ehsan Development Sdn. Bhd.;

(ii) Deposits of RM6,600,000 and RM3,750,000 (2008: RM5,221,655 and RM3,750,000) on lien for bank guarantees granted to the Company and a subsidiary respectively in favour of the customers for the projects awarded;

(iii) Designated deposits of RM1,026,529 (2008: RM1,378,345) of the Company on lien for settlement of payables in Encorp Systembilt Sdn. Bhd. and Encorp Construct Sdn. Bhd.

(iv) An amount of RM869,578 (2008: nil) is held as sinking fund in relation to the bank guarantee facilities granted to a subsidiary.

(c) The deposit of RM12,125,884 (2008: RM53,385,973) is held by a licensed corporation in trust for the holders of the ABBA Notes as a Project Escrow Account.

23. Cash and bank balances (contd.)

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash and bank balances	36,062,976	81,316,195	9,483,148	7,400,667
Less: Pledged/designated	(28,117,720)	(68,027,823)	(7,626,529)	(6,600,000)
Cash and cash equivalents	7,945,256	13,288,372	1,856,619	800,667

Other information on financial risks of cash and cash equivalents are disclosed in Note 32.

24. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2009	2008	2009	2008
			RM	RM
Authorised:				
At 1 January/31 December	300,000,000	300,000,000	300,000,000	300,000,000
Issued and fully paid:				
At 1 January/31 December	223,508,536	223,508,536	223,508,536	223,508,536

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. Share capital (cond.)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 24 June 2009, renewed their approval for the Company's plan to repurchase its own ordinary shares. 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.

During the financial year, the Company repurchased 2,621,200 (2008: 7,641,800) of its issued ordinary shares from the open market at an average price of RM0.76 (2008: RM0.87) per share. The total consideration paid for the repurchase was RM1,990,765 (2008: RM6,673,032) comprising of consideration paid amounting to RM1,977,842 (2008: RM6,638,396) and transaction costs of RM12,923 (2008: RM34,636). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 223,508,536 (2008: 223,508,536) issued and fully paid ordinary shares as at 31 December 2009, 10,263,000 (2008: 7,641,800) are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue after the setoff is therefore 213,245,536 (2008:215,866,736) ordinary shares of RM1 each.

25. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current				
Trade payables				
Third parties (a)	63,357,274	54,034,688	-	-
Amount due to an affiliated company (b)	12,548,717	10,840,846	-	-
Subsidiaries (c)	-	-	29,586,452	28,521,468
Construction contracts:				
Due to customers (Note 21)	5,177,619	-	76,826	-
Advances received (Note 21)	5,000,000	-	-	-
	86,083,610	64,875,534	29,663,278	28,521,468

25. Trade and other payables (contd.)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other payables				
Amounts due to (d):				
-affiliated companies	2,268	2,268	-	519
-corporate shareholder	62,536	914	54,718	-
Sundry payables	3,926,681	2,459,527	53,266	133,477
Provision for defect liability (e)	537,400	537,400	-	-
Accruals for construction costs	3,493,774	5,224,372	-	-
Provision for short-term accumulating compensated absences (f)	57,595	77,686	52,789	52,789
Other accruals	14,213,032	19,691,804	1,198,174	1,309,401
Provision for liquidated ascertained damages (g)	56,450	182,338	-	-
	22,349,736	28,176,309	1,358,947	1,496,186
	108,433,346	93,051,843	31,022,225	30,017,654
Non-current				
Trade payables				
Amount due to an affiliated company (b)	61,046,066	66,040,845	-	-

(a) Save and except for an amount of RM6,733,598 (2008: RM15,331,964) 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 is 21 days (2008: 21 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 have no fixed terms of repayment.

25. Trade and other payables (contd.)

(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	
	2009	2008	2009	2008
	RM	RM	RM	RM
At beginning of year	77,686	89,855	52,789	52,789
Recognised in income statement (Note 8)	(20,091)	(12,169)	-	-
At the end of year	57,595	77,686	52,789	52,789

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

	Group	
	2009	2008
	RM	RM
At beginning of year	182,338	420,743
Recognised in income statement		
- Additional provision during the year (Note 7)	539,976	58,298
Amount paid during the year	(665,864)	(296,703)
At the end of year	56,450	182,338

Further details on related party transactions are disclosed in Note 30.

Other information on financial risks of other payables are disclosed in Note 32.

26. Borrowings

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Short term borrowings				
Secured:				
ABBA Notes	128,000,000	128,000,000	-	-
Advance from a contractor	8,000,000	8,000,000	-	-
Hire purchase payables (Note 27)	273,740	314,628	192,571	314,628
	136,273,740	136,314,628	192,571	314,628

26. Borrowings (contd)

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Long term borrowings				
Secured:				
ABBA Notes	1,030,076,258	1,056,293,697	-	-
Hire purchase payables (Note 27)	164,852	444,740	164,852	444,740
	1,030,241,110	1,056,738,437	164,852	444,740
	1,166,514,850	1,193,053,065	357,423	759,368
Total borrowings				
Secured:				
ABBA Notes are payable (a):				
- within one year	128,000,000	128,000,000	-	-
- more than one year and less than two years	128,000,000	128,000,000	-	-
- more than two years and less than five years	409,534,794	396,334,793	-	-
- more than five years	1,641,614,219	1,782,898,602	-	-
	2,307,149,013	2,435,233,395	-	-
Less: Finance charges	(1,149,072,755)	(1,250,939,698)	-	-
	1,158,076,258	1,184,293,697	-	-
Advance from a contractor (b)	8,000,000	8,000,000	-	-
	1,166,076,258	1,192,293,697	-	-
Hire purchase payables (Note 27)	438,592	759,368	357,423	759,368
	1,166,514,850	1,193,053,065	357,423	759,368
Analysed as follows:				
Due within one year	136,273,740	136,314,628	192,571	314,628
Due after one year	1,030,241,110	1,056,738,437	164,852	444,740
	1,166,514,850	1,193,053,065	357,423	759,368

26. Borrowings (contd)

(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 (2008: 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 (2008: 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 (2008: RM15,400,000) has been paid towards the redemption of the ABBA Notes.

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.

26. Borrowings (contd)

(a) (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.

(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.

26. Borrowings (contd)

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

Other information on financial risks of borrowings are disclosed in Note 32.

27. Hire purchase payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum lease payments:				
Not later than 1 year	289,479	340,692	203,112	340,692
Later than 1 year and not later than 2 years	49,404	292,117	49,404	292,117
Later than 2 years and not later than 5 years	127,579	148,212	127,579	148,212
Later than 5 years	-	28,771	-	28,771
Total future minimum lease payment	466,462	809,792	380,095	809,792
Less: Future finance charges	(27,870)	(50,424)	(22,672)	(50,424)
Present value of finance lease liabilities (Note 26)	438,592	759,368	357,423	759,368
Analysis of present value of finance lease liabilities:				
Not later than 1 year	273,740	314,628	192,571	314,628
Later than 1 year and not later than 2 years	43,633	279,888	43,633	279,888
Later than 2 years and not later than 5 years	121,219	136,440	121,219	136,440
Later than 5 years	-	28,412	-	28,412
	438,592	759,368	357,423	759,368
Less: Amount due within 12 months (Note 26)	(273,740)	(314,628)	(192,571)	(314,628)
Amount due after 12 months (Note 26)	164,852	444,740	164,852	444,740

27. Hire purchase payables(contd.)

The weighted average interest rate of the hire purchase payables at the end of the financial year was 2.25% (2008: 2.25%).

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 32.

28. Retained earnings

As at 31 December 2009, the Company has no Section108 balance. The Company may distribute dividends out of its entire retained earnings as at 31 December 2009 under the single tier system.

29. Contingent liabilities

	Group	
	2009	2008
	RM	RM
Contingent liabilities:		
Corporate guarantee given by the Company to contractors of teachers' quarters project in relation to design guarantees to the Government	1,000,000	-

	Company	
	2009	2008
	RM	RM
Contingent liabilities:		
Corporate guarantee given to banks for credit facilites granted to subsidiaries	13,599,000	2,460,706
Corporate guarantee given to suppliers in favour of credit facility granted to a subsidiary	518,880	-
	14,117,880	2,460,706

30. Related party disclosures

(a) 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:

	2009	2008
	RM	RM
Group		
Sales of properties under development to persons who are connected to a director of the Company (i)	-	(4,256,550)
Sales of motor vehicle to Great Wall Plastic Industries Berhad ^ (ii)	(312,138)	-

30. Related party disclosures (contd.)

(a) 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.):

	2009 RM	2008 RM
Company		
Management fees charged to subsidiaries: (iii)		
- Encorp Construct Sdn. Bhd.	(3,000,000)	(1,920,000)
- Encorp Must Sdn. Bhd.	(120,000)	-
- Encorp Trading Sevices Sdn. Bhd.	(450,000)	-
- Encorp Systembilt Sdn. Bhd.	(1,920,000)	(1,920,000)
- Must Ehsan Development Sdn. Bhd.	(600,000)	(600,000)
Rental payable to: (iv)		
- Encorp Construct Sdn. Bhd.	130,000	240,000
- Must Ehsan Development Sdn. Bhd.	104,500	-
Sales of motor vehicle to Great Wall Plastic Industries Berhad ^ (ii)	(312,138)	-
Sale of land held for development		
- Freehold land to subsidiary (v)	(16,115,294)	-
Repayment of advances/(advances to) subsidiaries	481,067	(1,540,050)
Payments on behalf of subsidiaries	(1,225,655)	(11,733,682)

^ A company which the Group and the Company's directors has common directorship

(i) The sale of properties under development to persons who are connected to a director, were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The sale of motor vehicle to persons who are connected to a director, were made according to the published prices and conditions offered to the major customers of the Group.

(iii) The rendering of services to subsidiaries were made at arm's length pricing and without a fixed term of repayment.

(iv) The rental payable to the subsidiary was made at arm's length pricing and without a fixed term of repayment.

(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 ("purchase price"). The sale of land to subsidiary were made according to the published prices and conditions offered to the major customers of the Group.

30. Related party disclosures (contd.)

(a) Information regarding outstanding balances arising from related party transactions as at 31 December 2009 are disclosed in Notes 20 and 25.

(b) Compensation of key management personnel

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Wages and salaries	4,603,701	4,062,224	2,926,542	3,187,341
Social security costs	6,504	6,663	3,137	5,113
Pension cost - defined contribution plans	462,064	434,198	285,636	336,626
(Write back of)/ provision for short term accumulating (Note 23)				
Other staff related expenses	26,163	219,627	22,177	221,632
	5,098,432	4,722,712	3,237,492	3,750,712

Included in the total remuneration of key management personnel is:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors' remuneration	2,496,534	2,160,043	2,144,906	1,754,979

31. Subsequent events

(a) Incorporation of a new subsidiary, Encorp Development Pty Ltd

On 5 February 2010, the Company incorporated a wholly-owned subsidiary known as Encorp Development Pty Ltd in Australia ("EDPL").

EDPL was incorporated as a private company limited by shares and the authorised share capital of 100 ordinary shares of AUD1 each. The issued and paid-up share capital of EDPL is one hundred (100) ordinary shares of AUD1 each. The principal activity of EDPL is property development.

(b) Incorporation of a new subsidiary, Encorp Iskandar Development Sdn. Bhd.

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

EIDSB was incorporated as a private company limited by shares and the authorised share capital of 5,000,000 ordinary shares of RM1 each. The issued and paid-up share capital of EIDSB is two (2) ordinary shares of RM1 each. The principal activity of EIDSB is property development.

(c) Proposed of Right Issues, 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) RM1.00 nominal value of RCSLS together with one (1) Warrant for every four (4) existing ordinary shares of RM1.00 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 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 proposals which is pending submission will be subject to the approval of the relevant authorities and shareholders.

31. Subsequent events (contd.)

(d) Increase in paid up capital of the subsidiary, Encorp Trading Services Sdn. Bhd.

On 19 March 2010, Encorp Trading Services Sdn. Bhd. ("ETSSB") increased its paid-up capital from RM100,000 to RM1,000,000 via capitalisation of the amount due to immediate holding company amounting to RM900,000 into new ordinary shares of RM1 each.

The new ordinary shares issued subsequent to year end rank pari passu in all respect with the existing ordinary shares of the Company.

32. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

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.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has significant interest-bearing financial assets, and the Group's income and operating cash flows are dependent on changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed and/or repurchased order deposits with reputable financial institutions which generate interest income to the Group. The Group manages its interest rate risk by placing such balances on varying maturity and interest rate terms.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Interest on financial instruments subject to floating interest rates is repriced annually at the prevailing market interest rates. The other financial instruments of the Group and the Company that are not included in the adjacent tables are not subject to interest rate risks.

(b) Interest rate risk (contd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 December 2009									
Group									
Fixed rate									
ABBA Notes	26	9.09	28,312,072	30,671,753	63,580,968	36,731,278	39,786,183	958,994,004	1,158,076,258
Hire purchase payables	27	2.25	273,740	43,633	45,480	47,326	28,413	-	438,592
Floating rate									
Short term investment	22	3.81	86,370,771	-	-	-	-	-	86,370,771
Cash and bank balances	23	1.88	29,296,563	-	-	-	-	-	29,296,563
Trade payables	25	7.05	6,733,598	-	-	-	-	-	6,733,598
Company									
Fixed rate									
Hire purchase payables	27	2.25	192,571	43,633	45,480	47,326	28,413	-	357,423
Floating rate									
Cash and bank balances	23	1.92	9,450,030	-	-	-	-	-	9,450,030

(b) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
At 31 December 2008									
Group									
Fixed rate									
ABBA Notes	26	9.07	26,133,046	28,312,072	30,671,753	34,446,174	50,866,072	1,013,864,580	1,184,293,697
Hire purchase payables	27	2.25	314,628	279,888	43,633	45,480	47,327	28,412	759,368
Floating rate									
Short term investment	21	3.81	104,299,588	-	-	-	-	-	104,299,588
Cash and bank balances	23	3.24	71,598,008	-	-	-	-	-	71,598,008
Trade payables	25	8.25	15,331,964	-	-	-	-	-	15,331,964
Company									
Fixed rate									
Hire purchase payables	27	2.25	314,628	279,888	43,633	45,480	47,327	28,412	759,368
Floating rate									
Short term investment	21	3.52	12,273,470	-	-	-	-	-	12,273,470
Cash and bank balances	23	3.43	6,978,345	-	-	-	-	-	6,978,345

32. Financial instruments (contd.)

(c) Foreign exchange risk

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

(d) Liquidity risk

The Group actively manages its debts maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group monitors and maintains a level of cash and bank balances deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

(e) Credit risk

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. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, trade receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. No other financial assets carry a significant exposure to credit risk.

As at the balance sheet date, the Group has a concentration of credit risk as disclosed in Note 17. 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.

(f) Fair values

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2009				
Financial assets				
Concession income receivables (Note 17)	1,147,207,792	550,502,013	-	-

32. Financial instruments (contd.)

(f) Financial liabilities

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Secured borrowings (Note 26)	1,158,076,258	588,568,913	-	-
Hire purchase payables (Note 27)	438,592	428,378	357,423	347,209

At 31 December 2008

Financial assets

Concession income receivables (Note 17)	1,167,298,609	453,679,754	-	-

Financial liabilities

Secured borrowings (Note 26)	1,184,293,697	494,972,844	-	-
Hire purchase payables (Note 27)	759,368	971,176	759,368	971,176

(i) Amount due from/(to) related companies

The carrying amount of these balances approximate fair value because the carrying amount is repayable on demand.

(ii) Cash and cash equivalents, trade and other receivables/payables

The fair value of cash and cash equivalents, trade and other receivables/payables approximate their respective carrying values in the balance sheet of the Group due to the relatively short term maturity of these financial instruments.

33. Segment information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

33. Segment information (contd.)

(b) Business segments

The Group comprises the following main business segments:

(i) Investment holding

This segment refers to investment holding companies of the Group.

(ii) Concessionaire

This segment refers to the concessionaire to build and transfer teachers' quarters to the Government of Malaysia.

(iii) Construction

This segment refers to property construction and general contracting services.

(iv) Property development

This segment refers to the development of residential and commercial properties.

(v) Trading

This segment refers to the general trading business.

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.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Investment holding RM	Concessionaire RM	Construction RM	Property development RM	Trading RM	Elimination RM	Total RM
At 31 December 2009							
Revenue							
Sales to external customers	-	115,342,738	43,044,850	71,076,287	5,441,687	-	234,905,562
Inter-segment sales	11,340,000	-	9,825,098	-	-	(21,165,098)	-
Total revenue	11,340,000	115,342,738	52,869,948	71,076,287		(21,165,098)	234,905,562
Results							
Segment results	2,243,159	114,421,317	546,980	28,550,350	(75,638)	(12,916,601)	132,769,567
Reversal of consultant claim over provided in prior year	-	3,858,311	-	-	-	-	3,858,311
Interest expense	(30,902)	(101,866,943)	-	-	-	-	(101,897,845)
Interest income	188,469	93,922	112,005	179,672	1,546	-	575,614
Profit before tax							35,305,647
Income tax expense							(8,412,433)
Profit for the year							26,893,214

Business segments (contd.)

	Investment holding RM	Concessionaire RM	Construction RM	Property development RM	Trading RM	Elimination RM	Total RM
At 31 December 2009							
Assets							
Segment assets	435,992,210	1,312,798,116	59,938,511	233,185,846	2,704,083	(337,616,107)	1,707,002,659
Unallocated assets	804,311	89,045		3,174,114	-	-	4,067,470
Total assets							1,711,070,129
Liabilities							
Segment liabilities	53,397,546	1,165,464,957	71,942,556	140,012,801	2,678,177	(97,501,775)	1,335,994,262
Unallocated liabilities	-	31,057,977	2,708,271	-	-	-	33,766,248
Total liabilities							1,369,760,510
Other segment information							
Capital expenditure (Note 13)	2,320,633	-	328,011	345,851	8,909	-	3,003,404
Depreciation (Note 13)	467,256	-	457,905	57,483	410	-	983,054
Impairment of goodwill (Note 16)	-	-	-	-	-	7,323,145	7,323,145

Business segments (contd.)

	Investment holding RM	Concessionaire RM	Construction RM	Property development RM	Trading RM	Elimination RM	Total RM
At 31 December 2008							
Revenue							
Sales to external customers	-	117,372,107	-	170,138,157	-	-	287,510,264
Inter-segment sales	4,440,000	-	29,844,145	-	-	(34,284,145)	-
Total revenue	4,440,000	117,372,107	29,844,145	170,138,157	-	(34,284,145)	287,510,264
Results							
Segment results	(2,874,704)	114,890,103	(2,923,649)	72,967,783	-	(10,616,742)	171,442,791
Interest expense	(39,983)	(104,157,263)	-	-	-	-	(104,197,246)
Interest income	725,359	1,770,706	74,039	906,744	-	-	3,476,848
Profit before tax							70,722,393
Income tax expense							(17,863,973)
Profit for the year							52,858,420

Business segments (contd.)

	Investment holding RM	Concessionaire RM	Construction RM	Property development RM	Trading RM	Elimination RM	Total RM
At 31 December 2008							
Assets							
Segment assets	438,431,135	1,328,213,388	29,996,864	226,639,819	-	(314,214,784)	1,709,066,422
Unallocated assets	846,098	89,045	-	75,986	-	-	1,011,129
Total assets							1,710,077,551
Liabilities							
Segment liabilities	54,907,557	1,197,386,828	42,601,626	139,115,999	-	(81,866,257)	1,352,145,753
Unallocated liabilities	-	30,093,389	2,708,271	7,057,968	-	-	39,859,628
Total liabilities							1,392,005,381
Other segment information							
Capital expenditure (Note 13)	16,233,827	-	232,046	10,538	-	-	16,476,411
Depreciation (Note 13)	366,082	-	439,830	51,827	-	-	857,739
Impairment of goodwill (Note 16)	-	-	-	-	-	10,400,305	10,400,305



LIST OF PROPERTIES

LOCATION	DESCRIPTION AND EXISTING USE	LAND AREA (sq. m)	BUILD-UP (sq. m)	AGE OF BUILDING	NET BOOK VALUE AS AT 31.12.09 (RM)	YEAR OF ACQUISITION
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	10.5	3,024	2000
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	53,703	2000
PB1, Kota Damansara Town Centre, Selangor Darul Ehsan	Commercial land held for property development (99 years lease expiring on 14/11/2107)	120,681	N/A	N/A	26,708	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

ANALYSIS OF SHAREHOLDINGS

as at 23 April 2010

Authorised Share Capital	RM300,000,000.00
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 10,428,000 shares bought and retained as treasury shares.

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	% OF SHAREHOLDINGS
1-99	68	2.21	567	0.00
100 – 1,000	393	12.78	336,722	0.16
1,001 – 10,000	2,122	69.01	8,300,315	3.90
10,001 – 100,000	410	13.33	12,571,896	5.90
100,001 – less than 5% of issued shares	79	2.57	48,483,000	22.75
5% and above of issued shares	3	0.10	143,388,036	67.29
TOTAL	**3,075**	**100**	**213,080,536**	**100.00**

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
Lavista Sdn. Bhd.	66,636,036	31.27	-	-
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036 [1]	31.27
Efeida binti Mohd Effendi	-	-	66,636,036 [2]	31.27
Tan Sri Datuk (Dr) Omar bin Abdul Rahman	-	-	66,636,036 [3]	31.27
Datuk Ramli bin Shamsudin	-	-	66,636,036 [3]	31.27
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.77	-	-
Azhar bin Mohd Awal	-	-	40,000,000 [4]	18.77
Azman Hanafi bin Abdullah	-	-	40,000,000 [4]	18.77
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.53	-	-
Abang Ariffin Bin Abang Bohan	-	-	43,752,000 [5]	20.53
Taufiq bin Abdul Khalid	-	-	43,752,000 [5]	20.53

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	NOTE	SHAREHOLDINGS			
		DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	a	-	-	66,636,036	31.27
Yeoh Soo Ann		-	-	-	-
Efeida binti Mohd Effendi	b	-	-	66,636,036	31.27
Datuk Ramli bin Shamsudin	c	-	-	66,636,036	31.27
Dato' Chew Kong Seng @ Chew Kong Huat		-	-	-	-
Datuk (Dr) Philip Ting Ding Ing		2,278,000	1.07	-	-
Datuk Fong Joo Chung		-	-	-	-
Datuk Dr Zainal Aznam bin Mohd Yusof		-	-	-	-
Dato' Marcus Kam Kok Fei		-	-	-	-
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 23 April 2010)

No.	Name	No. of Shares	%
1.	LAVISTA SDN. BHD.	66,636,036	31.27
2.	ANJAKAN MASYHUR SDN. BHD.	40,000,000	18.77
3.	PEGANG IMPIAN HOLDINGS SDN. BHD.	36,752,000	17.25
4.	PEGANG IMPIAN HOLDINGS SDN. BHD.	7,000,000	3.29
5.	HLB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Oh Kim Sun	3,767,100	1.77
6.	ROBIN LO BING	3,466,500	1.63
7.	MERIT ICON SDN. BHD.	2,970,000	1.39
8.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Avenue Invest Berhad for Kumpulan Wang Amanah Pencen (E00170-220136)	2,924,600	1.37
9.	HLB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Ng Yoke Yen	2,841,000	1.33
10.	DATUK (DR.) PHILIP TING DING ING	2,278,000	1.07
11.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chew Pok Oi	2,096,400	0.98
12.	LIM PECK HOON	1,686,600	0.79
13.	HDM NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Oh Kim Sun (M12)	1,024,400	0.48
14.	CHING CHOOI SIM	821,500	0.39
15.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB Bank for Ng Yoke Yen (M55001)	783,000	0.37

No.	Name	No. of Shares	%
16.	KE-ZAN NOMINEES (ASING) SDN. BHD. Kim Eng Securities Pte. Ltd. for Exquisite Holdings Limited	770,000	0.36
17.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Tan Siong An (470676)	742,100	0.35
18.	CHING CHOOI KUAN	730,900	0.34
19.	YEOW MAY LEE	658,900	0.31
20.	DYNAQUEST SDN. BERHAD	555,000	0.26
21.	EE BENG YEE	491,500	0.23
22.	NG YOK LEE	470,200	0.22
23.	AMANAHRAYA TRUSTEES BERHAD PUBLIC SELECT ALPHA – 30 FUND	468,600	0.22
24.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chan Bee Hoon (CEB)	419,900	0.20
25.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kiu Chiong Chin	402,000	0.19
26.	KIU CHIONG CHIN	392,600	0.18
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Geok Eng Mary (CEB)	380,000	0.18
28.	TA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Choong Foong Ming	363,500	0.17
29.	DIANA TEO MAY LING	331,100	0.16
30.	AIBB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Soo Pin @ Lim Ah Lek	330,400	0.16
	TOTAL	**182,553,836**	**85.68**

STATEMENT OF SHARE BUY-BACK

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 12.06(2)(a) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability, whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Rationale for Renewal of Authority From Shareholders of the Company to Enable the Company to Purchase and/or Hold Up to Ten percent (10%) of its Issued and Paid-Up Share Capital Pursuant to Section 67A of the Companies Act, 1965 ("Proposed Renewal of Authority for Share Buy-Back")

The proposed share buy-back, if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:

(a) The proposed share buy-back will provide the Company the option to return its surplus financial resources to its shareholders;

(b) Depending on the effective cost of funding of the shares to be purchased, the earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

(c) If the shares purchased are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total issued and paid-up share capital of the Company. Alternatively, the shares purchased can be distributed as share dividends to reward the shareholders of the Company; and

(d) The Company may be able to stabilise the supply and demand of its shares in the open market and thereby supporting its fundamental value.

3. Retained Profits and Share Premium

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2009, the retained profits and share premium account of the Company stood at RM4.4 million and RM103.6 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

Save for the inadvertent proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the share buy-back, none of the Directors and/or substantial shareholders nor persons connected with the Directors and/or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Renewal of Authority for Share Buy-Back and the proposed resale of treasury shares, if any.

As such, none of the Directors and/or substantial shareholders nor persons connected with them need to abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolution approving the Proposed Renewal of Authority for Share Buy-Back.

The effects of the proposed share buy-back on the shareholdings of the Directors of Encorp based on the Register of Directors' Shareholdings as at 23 April 2010 and assuming 11,175,000 Encorp Shares, being the maximum number of shares that are purchased and retained as treasury shares authorised under the Proposed Renewal of Authority for Share Buy-Back, and there is no change in the number of shares held by the Directors of Encorp as at 23 April 2010 are as follows:

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]	31.27	-	-	66,636,036 [2]	31.38
Datuk (Dr) Philip Ting Ding Ing	2,278,000	1.07	-	-	2,278,000	1.07	-	-
Datuk Fong Joo Chung	-	-	-	-	-	-	-	-
Efeida binti Mohd Effendi	-	-	66,636,036 [3]	31.27	-	-	66,636,036 [3]	31.38
Dato' Chew Kong Seng @ Chew Kong Huat	-	-	-	-	-	-	-	-
Datuk Ramli bin Shamsudin	-	-	66,636,036 [4]	31.27	-	-	66,636,036 [4]	31.38
Datuk Dr Zainal Aznam bin Mohd Yusof	-	-	-	-	-	-	-	-
Yeoh Soo Ann	-	-	-	-	-	-	-	-
Dato' Marcus Kam Kok Fei	-	-	-	-	-	-	-	-
Datuk Dr Md Hamzah bin Md Kassim	-	-	-	-	-	-	-	-

1 Assuming that 5% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares subsequently.

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 effects of the Share Buy-Back on the shareholdings of the major shareholders based on the Register of Substantial Shareholders of the Company as at 23 April 2010 assuming 11,175,000 Encorp Shares, being the maximum number of shares that are purchased and retained as treasury shares authorised under the Proposed Renewal of Authority for Share Buy-Back and there is no change in the number of shares held by the major shareholders of Encorp as at 23 April 2010 are as follows:

Major Shareholders	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	%
Lavista Sdn. Bhd.	66,636,036	31.27	-	-	66,636,036	31.38	-	-
YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi	-	-	66,636,036 [2]	31.27	-	-	66,636,036 [2]	31.38
Efeida binti Mohd Effendi	-	-	66,636,036 [3]	31.27	-	-	66,636,036 [3]	31.38
Tan Sri Datuk (Dr) Omar bin Abdul Rahman	-	-	66,636,036 [4]	31.27	-	-	66,636,036 [4]	31.38
Datuk Ramli bin Shamsudin	-	-	66,636,036 [4]	31.27	-	-	66,636,036 [4]	31.38
Anjakan Masyhur Sdn. Bhd.	40,000,000	18.77	-	-	40,000,000	18.84	-	-
Azhar bin Mohd Awal	-	-	40,000,000 [5]	18.77	-	-	40,000,000 [5]	18.84
Azman Hanafi bin Abdullah	-	-	40,000,000 [5]	18.77	-	-	40,000,000 [5]	18.84
Pegang Impian Holdings Sdn. Bhd.	43,752,000	20.53	-	-	43,752,000	20.61	-	-
Abang Ariffin Bin Abang Bohan	-	-	43,752,000 [6]	20.53	-	-	43,752,000 [6]	20.61
Taufiq bin Abdul Khalid	-	-	43,752,000 [6]	20.53	-	-	43,752,000 [6]	20.61

1 Assuming that 5% of the existing issued and paid-up share capital of Encorp are bought and retained as treasury shares subsequently.

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 their substantial shareholdings in Lavista Sdn. Bhd held by them in trust.

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

6 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

In the event the Company acquires the full amount of Encorp Shares authorised under the Share Buy-Back and all the shares purchased are cancelled, the issued and paid-up share capital of the Company will be as follows:

	No. of Encorp Shares at RM1/- each (RM)	%
Existing issued and paid-up share capital as at 23 April 2010	223,508,536 *	100
Assuming cancellation of shares pursuant to the Proposed Renewal of Authority For Share Buy- Back	(11,175,000)	(5)
Issued and paid-up share capital after the Proposed Renewal of Authority for Share Buy-Back and cancellation	212,333,536	95

* Including 10,428,000 shares bought and retained as treasury shares as per the Record of Depositors dated 23 April 2010.

However, the share buy-back will have no effect on the issued and paid-up share capital if all shares purchased are to be retained as treasury shares but the rights attaching to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended. While these Encorp Shares remain as treasury shares, the Companies Act, 1965 prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

(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 2009, the Company had declared 5% single tier final dividend.

Assuming the proposed share buy-back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the share buy-back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued and paid-up share capital of the Company.

The proposed share buy-back may have an adverse impact on the Company's dividend policy for the financial year ending 31 December 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 1998 (the "Code")

Under the Code, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased beyond 33% or if his/their existing shareholding is between 33% and 50% and exceeds by another 2% in any six (6) months period.

Assuming that the share buy-back is carried out in full, the shareholding of Lavista Sdn. Bhd. will be increased from 31.27% to 33.13% based on the issued and paid up share capital of the Company as at 23 April 2010. In such a case, Lavista Sdn. Bhd. will be obliged to make a mandatory general offer for the remaining ordinary shares in the Company not held by it pursuant to Part II Code 6 of the Code.

Should such circumstances arise, Lavista Sdn. Bhd. and any person acting in concert with it intend to apply for an exemption from implementing a mandatory general offer in accordance with Practice Note 2.9.10 of the Code.

9. Purchase, Resale and Cancellation of shares made in the previous twelve (12) months

In the preceding twelve (12) months and as at 23 April 2010, the Company has purchased 10,428,000 of its own shares, the details of which are as set out below. All of the shares bought back by the Company are held as treasury shares and none of the treasury shares held were resold or cancelled in the preceding twelve (12) months:

Date of Purchase	No. of Shares Purchased	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration (RM)
05/01/2009	140,000	0.610	0.630	0.620	87,650.00
06/01/2009	12,000	0.640	0.640	0.640	7,680.00
07/01/2009	55,000	0.620	0.630	0.625	34,600.00
08/01/2009	19,000	0.630	0.630	0.630	11,970.00
13/01/2009	29,800	0.630	0.630	0.630	18,774.00
15/01/2009	80,200	0.620	0.630	0.625	50,224.00
16/01/2009	3,000	0.630	0.630	0.630	1,890.00
19/01/2009	40,300	0.640	0.680	0.660	27,004.00
20/01/2009	93,000	0.670	0.680	0.675	62,810.00
22/01/2009	98,600	0.690	0.700	0.695	68,583.50
23/01/2009	50,000	0.700	0.700	0.700	35,000.00
03/02/2009	150,000	0.700	0.720	0.710	106,500.00
04/02/2009	13,200	0.700	0.700	0.700	9,240.00
05/02/2009	12,900	0.700	0.700	0.700	9,030.00
11/02/2009	27,000	0.700	0.700	0.700	18,900.00
24/02/2009	52,000	0.660	0.670	0.665	34,820.00
26/02/2009	1,000	0.660	0.660	0.660	660.00
27/02/2009	42,000	0.680	0.680	0.680	28,560.00
19/03/2009	150,000	0.660	0.680	0.670	100,500.00
24/03/2009	150,000	0.660	0.680	0.670	100,500.00
06/04/2009	50,000	0.660	0.660	0.660	33,000.00
07/04/2009	50,000	0.695	0.695	0.695	34,750.00
09/04/2009	30,000	0.680	0.680	0.680	20,400.00
10/04/2009	60,000	0.680	0.690	0.685	41,100.00
13/04/2009	60,000	0.690	0.710	0.700	42,000.00
16/04/2009	90,000	0.730	0.750	0.740	66,600.00
22/04/2009	90,000	0.700	0.719	0.710	63,860.00

Date of Purchase	No. of Shares Purchased	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration (RM)
24/04/2009	20,000	0.730	0.730	0.730	14,600.00
30/04/2009	11,000	0.720	0.720	0.720	7,920.00
06/05/2009	50,000	0.810	0.830	0.820	40,900.00
01/06/2009	47,700	0.760	0.790	0.775	37,306.00
12/06/2009	6,200	0.920	0.920	0.920	5,704.00
19/06/2009	132,400	0.890	0.910	0.900	119,336.00
22/06/2009	126,200	0.850	0.870	0.860	108,770.00
06/07/2009	49,900	0.800	0.810	0.805	40,220.00
28/07/2009	51,000	0.890	0.920	0.905	46,000.00
31/07/2009	12,100	0.910	0.910	0.910	11,011.00
04/08/2009	60,000	0.910	0.920	0.915	54,900.00
16/09/2009	50,000	0.910	0.910	0.910	45,500.00
18/09/2009	7,000	0.920	0.920	0.920	6,440.00
23/09/2009	54,500	0.980	0.990	0.985	53,710.00
24/09/2009	30,000	0.930	0.930	0.930	27,900.00
01/10/2009	60,000	0.910	0.920	0.915	54,900.00
06/10/2009	66,800	0.900	0.920	0.910	60,615.00
07/10/2009	90,000	0.900	0.920	0.910	81,855.00
13/10/2009	37,000	0.910	0.920	0.915	33,970.00
14/10/2009	10,400	0.930	0.930	0.930	9,672.00
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

10. Public Shareholding Spread

As at 23 April 2010, the public shareholding spread of Encorp was 27.03%. The public shareholding spread is expected to be reduced to 26.70% assuming the share buy-back is 11,175,000 Encorp Shares with the purchase from the market 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.

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 Tenth Annual General Meeting of the Company, to be held on Wednesday, 23 June 2010 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 2009 together with the Reports of the Directors and Auditors thereon.		
2.	To declare a single tier final dividend of 5% per ordinary share in respect of the financial year ended 31 December 2009.		
3.	To approve the payment of Directors' Fees for the financial year ended 31 December 2009.		
4.	To re-appoint Dato' Chew Kong Seng @ Chew Kong Huat, who shall retire pursuant to Section 129(6) of the Companies Act, 1965.		
5.	To re-elect Datuk (Dr) Philip Ting Ding Ing who shall retire in accordance with Article 81 of the Company's Articles of Association.		
6.	To re-elect Datuk Fong Joo Chung who shall retire in accordance with Article 81 of the Company's Articles of Association.		
7.	To re-elect YB Sen. Dato Sri Prof Dr Mohd Effendi bin Norwawi who shall retire in accordance with Article 88 of the Company's Articles of Association.		
8.	To re-elect Dato' Marcus Kam Kok Fei who shall retire in accordance with Article 88 of the Company's Articles of Association.		
9.	To re-elect Datuk Dr Md Hamzah bin Md Kassim who shall retire in accordance with Article 88 of the Company's Articles of Association.		
10.	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			
11.	Ordinary Resolution 1 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
12.	Ordinary Resolution 2 - 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 _____ 2010.

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