



(506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR TO DATE  
ENDED 31 DECEMBER 2016**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2016**

	Quarter ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	146,339	59,263	360,820	209,885
Cost of sales	(78,788)	(12,797)	(173,068)	(60,849)
Gross profit	67,552	46,466	187,753	149,036
Other income	12,019	26,554	18,669	31,667
Marketing and distribution expenses	(1,033)	(1,524)	(3,751)	(2,948)
Administrative expenses	(20,708)	(22,368)	(43,353)	(42,191)
Other expenses	(216)	(292)	(924)	(1,229)
Finance costs	(27,770)	(28,969)	(106,216)	(108,850)
Profit/(Loss) before exceptional items and tax	29,844	19,867	52,178	25,485
Exceptional items	-	(11,161)	-	-
Profit / (Loss) before tax	29,844	8,706	52,178	25,485
Income tax expense	(13,960)	(8,092)	(23,765)	(13,411)
Profit from continued operations, net of tax	15,884	614	28,413	12,074
Loss from discontinued operation, net of tax	-	7,954	-	(6,404)
Profit / (Loss) net of tax	15,884	8,568	28,413	5,670
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation	1,132	4,284	1,040	2,969
<b>Total comprehensive income for the year</b>	<b>17,016</b>	<b>12,852</b>	<b>29,453</b>	<b>8,639</b>
<b>Profit / (Loss) attributable to:</b>				
Owners of the parent	16,759	4,414	28,526	1,380
Non-controlling interest	(875)	4,154	(113)	4,290
	<b>15,884</b>	<b>8,568</b>	<b>28,413</b>	<b>5,670</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	17,891	8,698	29,566	4,349
Non-controlling interest	(875)	4,154	(113)	4,290
	<b>17,016</b>	<b>12,852</b>	<b>29,453</b>	<b>8,639</b>
<b>Earnings per share attributable to owner of the parent (sen)</b>				
Basic	6.01	1.58	10.24	0.50
Diluted	N/A	-	N/A	-

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	As at 31.12.2016	As at 31.12.2015 (Audited)
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,827	7,536
Intangible assets	25,042	25,234
Land held for property development	423,457	93,028
Completed investment property	325,160	324,860
Trade receivables	902,831	922,472
Deferred tax assets	2,029	4,339
	<u>1,685,346</u>	<u>1,377,469</u>
<b>Current assets</b>		
Property development costs	104,905	73,347
Inventories	100,718	69,737
Tax recoverable	7,960	8,981
Trade and other receivables	123,278	90,194
Other current assets	50,821	113,345
Investment security	113,225	109,961
Cash and bank balances	65,836	17,690
	<u>566,743</u>	<u>483,255</u>
Asset of disposal group classified as held for sale	24,087	28,224
	<u>590,830</u>	<u>511,479</u>
<b>Total assets</b>	<u>2,276,176</u>	<u>1,888,948</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016 (contd.)**

	As at 31.12.2016	As at 31.12.2015 (Audited)
	RM'000	RM'000
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	547,254	145,597
Provision	22,792	10,243
Other current liabilities	11,803	3,692
Loans and borrowings	264,037	136,022
Income tax payables	7,365	10
	<u>853,251</u>	<u>295,564</u>
Liabilities directly associated with disposal group classified as held for sale	1,250	1,251
	<u>854,502</u>	<u>296,815</u>
<b>Non-current liabilities</b>		
Trade payables	2,490	7,730
Loans and borrowings	901,604	1,094,855
Deferred tax liabilities	2,626	4,050
	<u>906,720</u>	<u>1,106,635</u>
<b>Total liabilities</b>	<u>1,761,222</u>	<u>1,403,450</u>
<b>Equity attributable to owners of parent</b>		
Share capital	278,648	278,645
Treasury shares	(327)	(327)
Share premium	104,302	104,302
Other reserves	1,982	4,582
Retained profit	39,320	7,154
	<u>423,925</u>	<u>394,356</u>
Non-controlling interest	91,029	91,142
<b>Total equity</b>	<u>514,954</u>	<u>485,498</u>
<b>Total equity and liabilities</b>	<u>2,276,176</u>	<u>1,888,948</u>
Net assets per share attributable to owner of the parents (RM)	<u>1.52</u>	<u>1.42</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

RM'000	← Non-distributable →					Distributable				
	Share capital	Share premium	Treasury shares	Warrants reserves	Foreign currency translation reserve	Other reserves, total	Retained Profit	Total	Non-controlling interest	Total equity
<b>At 1 January 2016</b>	278,645	104,302	(327)	3,640	942	4,582	7,154	394,356	91,142	485,498
Total comprehensive income for the period					1,040	1,040	28,526	29,566	(113)	29,453
<b>Transaction with owners:</b>										
Transfer to retained profit upon expiry of warrants.				(3,640)		(3,640)	3,640	-	-	-
Conversion of RCCLS	3					-	-	3	-	3
<b>At 31 Dec 2016</b>	<b>278,648</b>	<b>104,302</b>	<b>(327)</b>	<b>-</b>	<b>1,982</b>	<b>1,982</b>	<b>39,320</b>	<b>423,925</b>	<b>91,029</b>	<b>514,954</b>
<b>At 1 January 2015</b>	278,645	103,044	(4,559)	3,640	(2,027)	1,613	5,774	384,517	87,006	471,523
Total comprehensive income for the period (restated)	-	-	-	-	2,969	2,969	1,380	4,349	4,290	8,639
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(450)	(450)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	296	296
<b>Transaction with owners:</b>										
Disposal of Treasury Shares	-	1,258	4,232	-	-	-	-	5,490	-	5,490
<b>At 31 Dec 2015</b>	<b>278,645</b>	<b>104,302</b>	<b>(327)</b>	<b>3,640</b>	<b>942</b>	<b>4,582</b>	<b>7,154</b>	<b>394,356</b>	<b>91,142</b>	<b>485,498</b>

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Year-to-date ended	
	31.12.2016	31.12.2015 (Audited)
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	52,178	25,485
Loss before tax from discontinued operation	-	(6,368)
	<u>52,178</u>	<u>19,117</u>
Adjustments:		
Depreciation	733	3,070
Amortisation of intangible assets	191	293
Changes in fair value of investment properties	(300)	(8,111)
Impairment of trade receivables	(1,318)	2,254
Interest expenses	106,216	107,121
Gain on disposal of investment security	(137)	(262)
Distribution income from money market investment security	(3,973)	(4,147)
Interest income	(940)	(1,393)
Bad debts written off	10,749	5,420
Liquidated ascertain damages	17,198	7,348
Allowance for impairment on other receivables	4,919	21
Finance income - other liabilities at amortised costs	(2,510)	(899)
Unwinding of discount on other liabilities at amortised costs	1,626	2,676
Gain on disposal of subsidiary	-	(251)
Loss on disposal of property, plant and equipment	-	22
Reversal for impairment for land held for property development	-	(3,496)
Gain on disposal of a subsidiary	-	(8,051)
Provision for short term accumulating compensated absences	-	42
Write down of inventories	-	4,024
Operating profit before working capital changes	<u>184,632</u>	<u>124,798</u>
Changes in working capital:		
Net changes in current assets	4,635	4,337
Net changes in current liabilities	417,468	29,245
Net changes in property development cost	(379,184)	(37,944)
Cash generated from operations:	<u>227,551</u>	<u>120,436</u>
Income tax paid	(14,503)	(11,779)
Interest paid	(12,120)	(8,391)
Net cash generated from operating activities	<u>200,928</u>	<u>100,266</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (contd.)**

	Year-to-date ended	
	31.12.2016	31.12.2015 (Audited)
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Interest received	940	1,393
Purchase of property, plant and equipment	-	(30)
Purchase of intangible assets	-	(589)
Proceeds from disposal of property, plant and equipment	4,113	1,224
Distribution income received	3,973	4,147
Net cash inflows for derecognition of a subsidiary	-	286
Net cash outflows for disposal of a subsidiary	-	(2,697)
Decrease / (Increase) in investment security	(3,127)	(1,923)
<b>Net cash generated from investing activities</b>	<b>5,899</b>	<b>1,811</b>
<b>Cash flows from financing activities</b>		
Redemption of RCSLS and payment of RCSLS Coupon	(11,357)	(633)
Conversion of RCSLS	3	-
Repayment of Sukuk Murabahah	(135,980)	(138,926)
Withdrawal of deposits pledged	1,767	4,060
Net proceeds from sale of treasury shares	-	5,490
Net (Repayment)/Drawdown of loans and borrowings	(11,944)	3,228
Net payment of finance hire purchase	(48)	(1,640)
<b>Net cash used in from financing activities</b>	<b>(157,558)</b>	<b>(128,421)</b>
Net increase/(decrease) in cash and cash equivalents	49,269	(26,344)
Effect of exchange rate changes	645	2,969
Cash and cash equivalents at beginning of period	12,106	35,481
<b>Cash and cash equivalents at end of period</b>	<b>62,020</b>	<b>12,106</b>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,823	6,103
- Licensed corporation	4,915	66
Cash and bank balances	58,098	11,521
	65,836	17,690
Add: Disposal group held for sale	-	230
Less: Bank overdrafts	(1,336)	(1,486)
Bank balances and deposits pledged / designated	(2,481)	(4,328)
<b>Cash and cash equivalents at end of period</b>	<b>62,020</b>	<b>12,106</b>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of preparation**

The condensed consolidated interim financial statements (“Condensed Report”), other than for financial instruments have been prepared under the historical cost convention. Financial instruments are carried at fair value in accordance to Financial Reporting Standard (“FRS”) 9 *Financial Instrument* and FRS 139 *Financial Instruments: Recognition and Measurement*.

This Condensed Report has also been prepared in accordance with the requirements of FRS 134 *Interim Financial Reporting* and paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

**A2. Significant accounting policies**

The significant accounting policies adopted in the preparation of the Condensed Report are consistent with those used in preparing the audited financial statements for the year ended 31 December 2015, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2016.

**a) Standards Amendments and Annual Improvement to standards effective for the financial periods beginning on or after 1 January 2016**

Annual Improvements to FRSs 2012-2014 Cycle

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 101: Disclosure Initiative

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

FRS 14: Regulatory Deferral Accounts



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

**A2. Significant accounting policies (cont'd)**

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

**Effective for financial periods beginning on or after 1 January 2018**

FRS 9: Financial Instruments  
FRS 15 Revenue from Contracts with Customers

**c) New Malaysian Financial Reporting Framework**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group and the Company will be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2017.

**A3. Auditors' Report on Preceding Annual Financial Statements**

The Group's latest audited financial statements for the financial year ended 31 December 2015 were not subject to any qualification.

**A4. Comments about seasonal or cyclical factors**

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**A5. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 December 2016.

**A6. Debt and equity securities**

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended 31 December 2016 except for the following:

**a) Treasury shares**

As at 31 December 2016, the total number of treasury shares held was 386,000.

**b) Sukuk Murabahah**

The next Sukuk Murabahah principal and profit payment amounting to RM69.0 million is scheduled in May 2017.

The Sukuk Murabahah was issued by a subsidiary company, ESSB to refinance the entire amount outstanding under ABBA Notes and to fund the Trustee' Reimbursement Account. The Sukuk Murabahah is secured by the assignment of the contract Concession Payments and the Project Escrow Account, and a negative pledge on all assets of ESSB. ESSB is a special purpose vehicle and these Sukuk Murabahah raised do not have any financial recourse to the Group.

**c) Redeemable Convertible Secured Loan Stocks (RCSLS)**

The RCSLS has matured on 17 March 2016 ("Maturity Date"). 10,566,780 RCSLS which were not converted by the maturity date have been redeemed by Encorp at 105.95% of the nominal value of such RCSLS.

**d) Warrant 2011/2016**

The warrants have expired on 17 March 2016 ("Expiry Date"). Any warrants which were not exercised by the Expiry Date have been lapsed and become null and void and ceased to be valid for any purpose.

**A7. Dividend paid**

No dividend was paid during the quarter ended 31 December 2016.

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**A8. Segmental information**

The Group's segment revenue and results are presented by industry segments for the year ended 31 December 2016 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Facilities management RM'000	Others*	Adjustments and Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>								
External customers	-	93,784	245,971	6,034	8,172	6,860	-	360,820
Inter-segment	13,275	-	-	1,424	-	-	(14,700)	-
<b>Total Revenue</b>	<b>13,275</b>	<b>93,784</b>	<b>245,971</b>	<b>7,459</b>	<b>8,172</b>	<b>6,860</b>	<b>(14,700)</b>	<b>360,820</b>
<b>Results:</b>								
Segment results	(20,347)	96,809	65,491	(1,015)	470	(950)	17,921	158,378
Interest income	1,843	90	824	4	3	9	(1,833)	940
Interest expense	(4,071)	(93,928)	(3,597)	(6,259)	-	(194)	1,833	(106,216)
Depreciation and amortisation	(573)	-	(78)	(120)	-	(52)	(101)	(924)
<b>Profit/(Loss) before tax</b>	<b>(23,148)</b>	<b>2,971</b>	<b>62,640</b>	<b>(7,390)</b>	<b>473</b>	<b>(1,187)</b>	<b>17,820</b>	<b>52,178</b>

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**A9. Material events subsequent to the balance sheet date**

There was no material events subsequent to the financial period ended 31 December 2016 up to the date of this report.

**A10. Changes in the composition of the Group**

On 8 January 2016, Encorp Must Sdn Bhd (“EMS B”), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each fully paid-up in the capital of Encorp Bukit Katil Sdn Bhd (“EBKSB”) at a total purchase consideration of RM2.00 only from Dato’ Haji Zakaria bin Nordin and Encik Wan Azman bin Wan Abbas (the “Acquisition”).

Following the Acquisition, EBKSB became an indirect wholly-owned subsidiary of Encorp. The Acquisition is intended for Encorp’s future expansion in its core business of property development.

EBKSB was incorporated as a private company limited by shares on 14 December 2015. The authorised share capital of EBKSB is RM400,000 divided into 400,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of EBKSB is RM2.00 divided into 2 ordinary shares of RM1.00 each. EBKSB has not commenced business since its incorporation.

**A11. Changes in contingent liabilities**

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
<b>Contingent liabilities:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	18,373	89,496
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	3,607
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	-	409
	18,373	93,512

**A6. Capital commitments**

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B1. Performance review**

**a. Performance of the current quarter against the preceding year corresponding quarter (4Q16 vs. 4Q15).**

The group's revenue for the quarter ended 31 December 2016 ("4Q16") is RM146.3 million. This is an increased of RM87.1 million or 147% as compared to the corresponding quarter ended 31 December 2015 ("4Q15") of RM59.3 million.

The increase in revenue was mainly due to the higher progress of works achieved by the Property Division as compared to the corresponding quarter.

Coupled with close monitoring and effective management of the indirect and direct costs of the Group, the profit before taxation ("PBT") has correspondingly increased by RM21.1 million or 243% to RM29.8 million for 4Q16 from RM8.7 million for 4Q15.

**Property Development**

The rationalisation plans implemented by Management have positively contributed to the improved returns from the Property Development division, particularly with the higher progress of work from the Encorp Marina Puteri Harbour project in Johor.

The division achieved revenue of RM117.6 million for the 4Q16, as compared to RM32.6 million in the 4Q15. This increase in revenue has contributed to an improvement of the PBT by RM20.7 million or 183% to RM32.0 million in 4Q16 as compared to RM11.3 million for 4Q15.

**Investment Property**

The continuing sluggish consumer sentiments have resulted with lower occupancy and rentals from the Strand Mall. Although the revenue contribution is not significant to the overall result of the Group, Management shall continue to review the operational activities of the Strand Mall, with the effort of improving the footfall and hence the returns to the Group.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B1. Performance review (contd.)**

**a. Performance of the current quarter against the preceding year corresponding quarter  
(4Q16 vs.4Q15) (contd.)**

**Concessionaire**

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period. Accordingly, the Group is compensated in the form of interest as a result of the extended repayment period. The interest income from concession is recognised as revenue using the effective interest method.

The concession division recorded revenue of RM23.0 million in 4Q16 as compared to revenue of RM24.1 million respectively in 4Q15.

**Facilities Management**

The facilities management division is a newly set up division of the Group. The principal activity of this division is to provide upkeep and maintenance services.

For the quarter under review, the division recorded a revenue of RM2.0 million and a PBT of RM13,200.

**b. Performance of the current financial period against the preceding year financial period  
(FY16 vs. FY15).**

With the implementation of rationalisation plans coupled with close monitoring and effective management, this has helped achieve a positive result for the year ended 31 December 2016.

The revenue for the year ended 31 December 2016 ("FY16") is RM360.8 million. This is an increase of RM150.9 million or 72% as compared to the revenue of year ended 31 December 2015 of ("FY15") of RM209.9 million.

The group recorded a PBT of RM52.2 million in FY16 compared to RM25.5 million for FY15 which is 105% higher or an increase of RM26.7 million. The improvement in the group's profit is resulted from higher work progress achieved by the property development division.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B1. Performance review (contd.)**

**b. Performance of the current financial period against the preceding year financial period  
(FY16 vs. FY15) (contd.)**

**Property Development**

The revenue for the Property Development Division FY16 is RM246.0 million which represents a significant increase of RM144.0 million or 141% as compared to revenue of RM102.0 million for FY15.

Similarly the PBT of the Property Development division for FY16 has improved by RM40.9 million or 188% to RM62.6 million as compared to PBT of RM21.7 million in FY15.

**Investment Property**

The continuing sluggish consumer sentiments have resulted with lower occupancy and rentals from the Strand Mall. Management shall continue to review the operational activities of the Strand Mall, with the effort of improving the footfall and hence the returns to the Group.

**Concessionaire**

The concession division recorded revenue and PBT of RM93.8 million and RM3.0 million respectively in FY16 as compared to revenue and PBT of RM97.8 million and RM3.7 million respectively in FY15.

**Facilities Management**

The facilities management division is a newly set up division of the Group. The principal activity of this division is to provide upkeep and maintenance services.

**B2. Comparison with Immediate Preceding Quarter**

Revenue for the group for 4Q16 is RM146.3 million compared to revenue for 3Q16 of RM79.0 million. The PBT for 4Q16 is RM29.8 million against PBT for 3Q16 of RM6.3 million. This improvement in revenue and PBT is attributed to the progress of the Encorp Marina Puteri Harbour project as the Management has successfully implemented the catch-up plan and from the completion of Encorp Strand Residences.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B3. Commentary on prospects**

The property sector is expected to remain challenging in light of economic uncertainty, particularly investors adopting a “wait and see” approach, stringent lending rules imposed by banks and oversupply in certain property sub-sector market.

With these challenges ahead, the Group will focus on measures to increase efficiencies and pursue innovative concepts to enhance its development projects such as the Bukit Katil township development that the Group recently embarked via a Master Development Agreement signed between the Group and FELDA.

The Group will also explore new avenue of revenue sources such as industrial property sub-sector market and facilities management. Management will continuously review its operations, including potential acquisition of new land and properties at various strategic location with high growth potential, entering into joint ventures with established and reputable partners to fast track the high value township development and rationalisation of existing business.

**B4. Variance from forecast profit and profit guarantee**

Not applicable.

**B5. Income tax expense**

	Quarter ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Income tax	(13,325)	(8,750)	(24,651)	(13,700)
Deferred tax	(634)	658	887	289
	<u>(13,960)</u>	<u>(8,092)</u>	<u>(23,765)</u>	<u>(13,411)</u>

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

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



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B6. Disposal of unquoted investments and properties**

There were no disposal of unquoted investments and/or properties for the financial period ended 31 December 2016.

**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities for the financial period ended 31 December 2016.

**B8. Status of corporate proposals**

There were no pending corporate proposals during the financial period ended 31 December 2016

**B9. Borrowings and debt securities**

	<b>As at 31.12.2016</b>	
	<b>Current</b>	<b>Non-current</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>		
Sukuk Murabahah	207,862	737,361
Term loan	24,797	164,220
Obligations under finance leases and hire purchases	43	23
Revolving credit	30,000	-
Bank overdraft	1,336	-
	<u>264,037</u>	<u>901,604</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B10. Changes in material litigation**

The Group has no outstanding material litigation for the financial period ended 31 December 2016.

**B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 31 December 2016.

**B12. Profit for the period**

	<b>Quarter ended 31.12.2016 RM'000</b>	<b>Year-to-date ended 31.12.2016 RM'000</b>
The profit/loss is arrived at after charging / (crediting):		
a) Interest income	(472)	(940)
b) Other income	(11,547)	(17,729)
c) Interest expense	27,770	106,216
d) Depreciation and amortisation	216	924
e) Provision for and write off of receivables	10,749	10,749
f) Provision for and write off of inventories	-	-
g) Loss/(gain) on disposal of quoted or unquoted investments or properties	(41)	(137)
h) Loss/(gain) on property, plant & equipment	-	-
i) Loss/(gain) on intangible assets	-	-
j) Impairment of goodwill	-	-
k) Foreign exchange gain or loss	-	-
l) Gain/loss on derivatives; and	-	-
m) exceptional items	-	-
	<hr/>	<hr/>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B13. Retained Earnings**

	As at 31.12.2016	As at 31.12.2015 (Audited)
	RM'000	RM'000
<b>Group</b>		
Realised	227,429	224,310
Unrealised	117,458	105,750
	<u>344,887</u>	<u>330,060</u>
Consolidation adjustments	(305,567)	(322,906)
Total retained earnings	<u>39,320</u>	<u>7,154</u>

**B14. Earnings per share ("EPS")**

a) Basic EPS

	Quarter ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015 (Audited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent	<u>16,759</u>	<u>4,414</u>	<u>28,526</u>	<u>1,380</u>
Weighted average number of ordinary shares in issue	<u>278,648</u>	<u>278,645</u>	<u>278,648</u>	<u>278,645</u>
<b>Basic EPS (sen)</b>	<u>6.01</u>	<u>1.58</u>	<u>10.24</u>	<u>0.50</u>

b) Diluted EPS

Upon the maturity of RCSLS and the expiry of Warrants, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial period is not presented.

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2016 (contd.)**

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

**B15. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2016.

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

**Lee Lay Hong**  
Company Secretary

23 February 2016