

Encorp Berhad

(Company No.: 506836-X)
(Incorporated in Malaysia)

Quarterly report on consolidated results for the quarter ended 30 June 2005. These figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current Year to date	Preceding year corresponding period
	<u>30 Jun 05</u> (RM'000)	<u>30 Jun 04</u> (RM'000)	<u>30 Jun 05</u> (RM'000)	<u>30 Jun 04</u> (RM'000)
Revenue	28,068	65,443	54,440	166,907
Operating Expenses	(9,386)	(42,139)	(16,093)	(122,165)
Profit from Operations	<u>18,682</u>	<u>23,304</u>	<u>38,347</u>	<u>44,742</u>
Other Operating Income	562	657	783	942
Gain on disposal of ESSB baid	25,305	-	25,305	-
Share of Profit from Associate Company	1,337	-	2,966	-
Finance Cost	(25,331)	(24,681)	(52,528)	(46,984)
Profit/(Loss) before tax	<u>20,555</u>	<u>(720)</u>	<u>14,873</u>	<u>(1,300)</u>
Taxation	(5)	(527)	(210)	(1,211)
Profit/(Loss) after tax	<u>20,550</u>	<u>(1,247)</u>	<u>14,663</u>	<u>(2,511)</u>
Minority interest	-	-	-	-
Net profit/(loss) for the period	<u><u>20,550</u></u>	<u><u>(1,247)</u></u>	<u><u>14,663</u></u>	<u><u>(2,511)</u></u>
Earnings/(Loss) per share (Sen)				
-Basic (223,508,536)	9.19	(0.56)	6.56	(1.12)

The Condensed Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

Encorp Berhad

(Company No.: 506836-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2005

	(Unaudited) As at end of current quarter 30 Jun 05 RM'000	(Audited) As at preceding financial year end 31 Dec 04 RM'000
PROPERTY, PLANT AND EQUIPMENT	5,828	6,130
LAND AND DEVELOPMENT COST	6,586	6,684
INVESTMENT IN ASSOCIATE COMPANY	42,234	42,508
GOODWILL	203,176	209,350
CONCESSION INCOME RECEIVABLE	1,196,964	1,203,498
<u>CURRENT ASSETS</u>		
Property development cost	16,639	11,790
Trade receivables	145,430	144,713
Other receivables	45,724	13,479
Tax recoverable	1,364	1,364
Deposit, cash and bank balances	77,719	37,694
	286,876	209,040
<u>CURRENT LIABILITIES</u>		
Trade payables	30,863	26,116
Other payables	43,537	33,419
Amount due to corporate shareholder	2,039	2,039
Amount due to associate company	-	2
Short term borrowings	129,650	248,350
Hire purchase payables	155	149
Provision for taxation	744	744
	206,988	310,819
NET CURRENT ASSETS/(LIABILITIES)	79,888	(101,779)
	1,534,676	1,366,391

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

Encorp Berhad
 (Company No.: 506836-X)
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2005

	(Unaudited) As at end of current quarter 30 Jun 05 RM'000	(Audited) As at preceding financial year end 31 Dec 04 RM'000
FUNDS EMPLOYED:-		
SHARE CAPITAL	223,509	223,509
SHARE PREMIUM	103,563	103,563
RETAINED PROFIT	<u>34,573</u>	<u>19,910</u>
SHAREHOLDERS' FUNDS	361,645	346,982
<u>DEFERRED AND LONG TERM</u>		
<u>LIABILITIES</u>		
Long term borrowings	1,163,628	1,009,169
Deferred taxation	8,968	9,740
Hire purchase payables	347	412
Minority interest	88	88
Preference shares	-	-
	<u>1,173,031</u>	<u>1,019,409</u>
	<u>1,534,676</u>	<u>1,366,391</u>
NET TANGIBLE ASSETS PER SHARE (RM)	0.71	0.62

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

Encorp Berhad

(Company No.: 506836-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2005

	← Non-distributable		→ Distributable		
	Share Capital (RM'000)	Share Premium (RM'000)	Reserve on Consolidation (RM'000)	Retained Profits (RM'000)	Total (RM'000)
At 1 January 2003					
As previously stated	223,509	103,563	47,825	9,066	383,963
Prior year adjustment	-	-	-	11,593	11,593
At 1 January 2003 (restated)	223,509	103,563	47,825	20,659	395,556
Net profit for the year	-	-	-	5,035	5,035
At 31 December 2003	223,509	103,563	47,825	25,694	400,591
Disposal of subsidiary Loss for the period			(47,825)	(5,784)	(47,825) (5,784)
At 31 December 2004	223,509	103,563	-	19,910	346,982
Profit for the period				14,663	14,663
At 30 June 2005	223,509	103,563	-	34,573	361,645

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

Encorp Berhad

(Company No.: 506836-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2005

	6 Months ended	
	30 Jun 05 RM '000	30 Jun 04 RM '000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	14,873	(1,300)
Adjustments for:		
Depreciation	414	5,551
Interest expenses	52,528	46,984
Amortisation of concession expenditure	-	41,222
Gain on disposal of ESSB Baid	(25,305)	(27)
Share of profit in associate company	(2,966)	-
Interest income	(783)	(820)
Amortisation of goodwill on consolidation	6,173	4,957
Operating profit before working capital changes	44,934	96,567
Changes in working capital:		
Net change in current assets	(23,407)	(76,853)
Net change in current liabilities	6,641	(10,324)
Cash generated from operations	28,168	9,390
Interest paid	(26)	(290)
Income taxes paid	(878)	(140)
Net cash flow generated from operating activities	27,264	8,960
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(112)	(76)
Issuance of Series 2 ESSB Baid	12,431	-
Development cost	(4,751)	-
Disposal of ESSB Baid	184,834	-
Dividend income	3,136	-
Interest received	783	999
Net cash used in investing activities	196,321	923

The Condensed Consolidated Cashflow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

Encorp Berhad

(Company No.: 506836-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2005

	6 Months ended	
	30 Jun 05	30 Jun 04
	RM '000	RM '000
Cash Flows From Financing Activities		
Redemption of ABBA Notes	(23,502)	-
Repayment of borrowings	(160,000)	(67,845)
(Increase in)/Release of deposits pledged	(37,871)	58,795
Repayment of hire purchase and lease payables	(58)	(116)
Net cash used in financing activities	<u>(221,431)</u>	<u>(9,166)</u>
Net Increase In Cash and Cash Equivalents	2,154	717
Cash and Cash Equivalents At Beginning Of Period	<u>1,649</u>	<u>10,280</u>
Cash and Cash Equivalents At End Of Period	<u><u>3,803</u></u>	<u><u>10,997</u></u>

Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-

	RM'000	RM'000
Deposits	73,916	50,283
Cash and bank balances	<u>3,803</u>	<u>10,997</u>
	77,719	61,280
Less: Cash and bank balances and deposits pledged	(73,916)	(50,283)
Cash and Cash Equivalents At End Of Period	<u><u>3,803</u></u>	<u><u>10,997</u></u>

The Condensed Consolidated Cashflow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

A1. Basis of Preparation

The condensed financial statements for the financial period ended 30 June 2005 are unaudited and have been prepared in accordance with the requirements of Accounting Standard MASB 26, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2004.

The accounting policies and methods of computation applied in the condensed financial statements of the Encorp Berhad Group ("the Group") are consistent with those applied in the most recent annual audited financial statements for the year ended 31 December 2004.

A2. Auditors' Report On Preceding Annual Financial Statements

The Auditors' Report of the Company's most recent annual financial statements for the year ended 31 December 2004 was not subject to any qualification.

A3. Seasonal or Cyclical Factors of Operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A4. Unusual Items Due to their Nature, Size or Incidences

There were no unusual items affecting the nature and amount of assets, liabilities, equity, net income and cash flows of the Group during the financial period under review.

A5. Changes in Estimates

There were no changes in estimates of amounts reported in the current quarter or changes in estimates of amounts reported in prior financial years that have had a material effect in the current quarter.

A6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period ended 30 June 2005 except for the following: -

	Current period ended 30 Jun 05 (RM'000)
<u>Repayment</u>	
- Tranches 2 & 3 of Encorp Systembilt Sdn Bhd ("ESSB") Bai' Bithaman Ajil Islamic Notes ("Baidas")	(23,502)
<u>Issuance/Disposal</u>	
- Tranche 4, Series 1 ESSB Baidas	184,834
- Tranche 4, Series 2 ESSB Baidas	12,422
	<u>173,754</u>

A7. Dividends Paid

No dividends were paid during the current financial period under review.

A8. Segmental Reporting

The Group's financial information by industry segments as at 30 June 2005 is as follows: -

REVENUE AND EXPENSES	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Other * RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
- External sales	-	2,913	-	51,527	-	54,440
- Inter-segment sales	3,316	-	-	-	(3,316)	-
Total revenue	3,316	2,913	-	51,527	(3,316)	<u>54,440</u>
Results						
- Segment results	(151)	(628)	(2,944)	51,381	(9,311)	38,347
- Interest expense	(4,954)	(1)	(21)	(54,956)	7,404	(52,528)
- Interest income	7,481	8	3	695	(7,404)	783
- Gain on disposal of ESSB bids	25,305	-	-	-	-	25,305
- Share of profits of associate	2,966	-	-	-	-	2,966
- Taxation	(982)	-	-	772	-	(210)
Net profit for the period						<u>14,663</u>
Minority interest						-
Net profit attributable to shareholders						<u>14,663</u>

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

ASSETS AND LIABILITIES	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Other * RM'000	Elimination RM'000	Consolidated RM'000
Segment assets						
Consolidated total assets	445,223	32,325	75,869	1,485,021	(296,774)	<u>1,741,664</u>
Segment liabilities						
Consolidated total liabilities	31,245	34,250	83,981	1,377,787	(147,244)	<u>1,380,019</u>

OTHER INFORMATION

Capital Expenditure	89	14	9	-	-	112
Depreciation and amortisation	24	11	372	7	-	414
Amortisation of goodwill on consolidation	-	-	-	-	6,173	6,173

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

A9. Valuation of Property, Plant and Equipment

There were no valuation for property, plant and equipment of the Group.

A10. Material Events Subsequent to the Balance Sheet Date

Except as disclosed under B8 below, there were no material events subsequent to the end of the current quarter.

A11. Changes in the Composition of the Group

There were no other changes in the composition of the Group during the financial period under review, including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operations.

A12. Changes in Contingent Liabilities

	RM'000
As at 31 December 2004	<u>31,807</u>
As at 30 June 2005	<u>31,807</u>

A13. Capital Commitments

	RM'000
As at 30 June 2005	<u>108,079</u>

B1. Review of Performance of the Company and its Principal Subsidiaries

The Group achieved revenue of RM28.07 million and recorded a pre-tax profit of RM20.56 million for the current period ended 30 June 2005. The revenue was attributable to the annuity interest income arising from the handover of teachers' quarters and the sales from the property development. The pre-tax profit was mainly attributable to the Company's gain on the disposal of its Encorp Systembilt Sdn Bhd's (ESSB) Bai Bithaman Ajil Islamic Notes ("BAIDS").

B2. Comparison with Immediate Preceding Quarter

For the current quarter under review, the Group recorded a profit before tax of RM20.56 million as compared to the loss before tax of RM5.89 million recorded in the immediate preceding quarter. The current quarter's profit is mainly due to the Company's gain on the disposal of its ESSB's BAIDS . This has resulted in a higher profit in the current quarter in comparison to the preceding quarter.

B3. Current Year Prospect

Included in the current quarter's results is the disposal of ESSB BAIDS by the Company. A substantial contribution is expected from the teacher's quarter project upon the resolution of the final accounts and extension of time claims. Further contribution is expected to come mainly from property development as

there is a shift in the Company's activities in this direction.

B4. Variance from Forecast Profit and Profit Guarantee

Not applicable for the current quarter ended 30 June 2005.

B5. Taxation

	Current year quarter 30 Jun 05 RM'000	Current year to date 30 Jun 05 RM'000
Income tax	443	982
Deferred tax	(438)	(772)
	<u>5</u>	<u>210</u>

The effective tax rate is lower than the statutory tax rate principally due to the gain on disposal of ESSB's BAIDS which are not taxable.

B6. Disposal of Unquoted Investments and Properties

Except for the disposal by the Company of its investments in ESSB's BAIDS, there was no disposal of investments for the current financial period under review.

B7. Purchase or Disposal of Quoted Securities

There was no purchase and disposal of quoted securities for the current financial period under review.

B8. Status of Corporate Proposals

(a) Proposed Private Placement

On 13 February 2004 and 29 April 2004, the Company announced its proposal to implement a private placement of up to 22,995,953 new ordinary shares of RM1 each in the Company, representing up to 10% of the existing issued and paid-up capital of the Company ("Proposed Private Placement"), to places to be identified at an issue price to be determined later.

The Company had obtained the approval from all authorities to implement the Proposed Private Placement. However, the exercise could not be completed due to the prevailing market conditions even though the Company had sought and obtained the approval from the Securities Commission for an extension of time to 30 July 2005, which has since lapsed.

(b) ESSB Baidis Issue

On 11 August 2004, the Company announced that its wholly owned subsidiary, Encorp Systembilt Sdn. Bhd. ("ESSB") is to undertake a financing exercise via the issuance of up to RM683.3 million nominal value Bai Bithaman Ajil Notes ("ESSB BAIDS Issue").

The ESSB BAIDS Issue had been approved by the SC on 25 October 2004. The ESSB BAIDS Issue is over a tenure of 22 years from the date of issuance. The profit rate for the ESSB BAIDS will be 0%

per annum from the date of issuance and 8.0% per annum from Year 15 onwards until maturity. The ESSB BAIDS Issue is not listed on Bursa Securities.

On 13 December 2004, the Company entered into a RM160 million Bridging Loan Facility ("BL Facility") Agreement with United Overseas Bank (Malaysia) Berhad ("UOBM"). The proceeds from the BL Facility will be utilised by the Company to fund the subscription of the ESSB BAIDS Issue. The BL Facility is to be refinanced at a later stage and will be secured by a charge created over the ESSB BAIDS.

On 30 December 2004, ESSB successfully issued the first series of the ESSB BAIDS Issue ("Notes Series 1"), which has a nominal value of RM625 million and an issue price of RM152.125 million. The second series of the ESSB BAIDS Issue ("Notes Series 2") with a nominal value of up to RM58.3 million will be issued at a later date. The Notes Series 1 was subscribed by the Company via, inter-alia, the BL Facility, which was obtained on 13 December 2004 from UOBM.

On 30 June 2005, EB had disposed of its investment in ESSB's BAIDS and the BL Facility repaid from the proceeds. The Notes Series 2 with a nominal value of RM42 million was also issued on the same date.

B9. Group Borrowings

The Group's borrowings as at 30 June 2005 comprise: -

	As at 30 Jun 05 RM'000
<u>Short term borrowings – payable within 12 months</u>	
Hire purchase payables	155
Bai Bithaman Ajil Notes – secured	129,650
	<u>129,805</u>
<u>Long term borrowings – payable after 12 months</u>	
Hire purchase payables	347
Advance	8,000
Bai Bithaman Ajil Notes – secured	1,155,628
	<u>1,163,975</u>
Total borrowings	<u>1,293,780</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk at the date of this report.

B11. Changes in Material Litigation

There is a claim by a third party of RM7.7 million made against two subsidiary companies for losses and damages arising from the trespass into its land arising from works that were carried out for the Government of Malaysia. The case was mentioned on 26 May 2005, whereupon it was fixed for further mention on 26 July 2005 for pre-trial case management. On the said date, the Trial Judge has directed the parties to attempt out of court settlement for the matter and the case is now fixed for further mention on 19 October 2005.

B12. Dividends

No dividend has been recommended during the current financial period under review.

B13. Earnings per Share

	Current quarter ended 30 Jun 05	Current year ended 30 Jun 05
Net Profit attributable to shareholders (RM' 000)	<u>20,550</u>	<u>14,663</u>
Weighted average number of ordinary shares in issue ('000)	<u>223,509</u>	<u>223,509</u>
Basic earnings per ordinary share (Sen)	9.19	6.56

By Order of the Board
ENCORP BERHAD

Chua Siew Chuan
Company Secretaries

25 August 2005