

Encorp Berhad

(Company No.: 506836-X)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the financial period ended 30 September 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
	30 Sept 05 (RM'000)	30 Sept 04 (RM'000)	30 Sept 05 (RM'000)	30 Sept 04 (RM'000)
Revenue	27,073	71,812	81,513	238,720
Operating Expenses	(8,445)	(46,570)	(24,538)	(168,736)
Profit from Operations	<u>18,628</u>	<u>25,242</u>	<u>56,975</u>	<u>69,984</u>
Other Operating Income	1,040	304	1,823	1,246
Gain on disposal of ESSB baid	-	-	25,305	-
Share of Profit from Associate Company	1,869	-	4,835	-
Finance Cost	(28,273)	(24,954)	(80,801)	(71,938)
Profit/(loss) before tax	<u>(6,736)</u>	<u>592</u>	<u>8,137</u>	<u>(708)</u>
Taxation	(619)	(893)	(829)	(2,104)
Profit/(loss) after tax	<u>(7,355)</u>	<u>(301)</u>	<u>7,308</u>	<u>(2,812)</u>
Minority interest	-	-	-	-
Net profit/(loss) for the period	<u><u>(7,355)</u></u>	<u><u>(301)</u></u>	<u><u>7,308</u></u>	<u><u>(2,812)</u></u>
Earnings/(loss) per share (Sen)				
- Basic (223,508,536)	(3.29)	(0.13)	3.27	(1.26)

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.

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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2005

	(Unaudited) As at end of current period 30 Sept 05 RM'000	(Audited) As at preceding financial year end 31 Dec 04 RM'000
PROPERTY, PLANT AND EQUIPMENT	5,715	6,130
LAND AND DEVELOPMENT COST	98,859	6,684
INVESTMENT IN ASSOCIATE COMPANY	43,485	42,508
GOODWILL	200,090	209,350
CONCESSION INCOME RECEIVABLE	1,193,582	1,203,498
<u>CURRENT ASSETS</u>		
Property development cost	21,314	11,790
Trade receivables	150,836	144,713
Other receivables	5,368	13,479
Tax recoverable	1,364	1,364
Deposit, cash and bank balances	54,126	37,694
	233,008	209,040
<u>CURRENT LIABILITIES</u>		
Trade payables	22,467	26,116
Other payables	121,294	33,419
Amount due to corporate shareholder	1,383	2,039
Amount due to associate company	-	2
Short term borrowings	129,650	248,350
Hire purchase payables	159	149
Provision for taxation	741	744
	275,694	310,819
NET CURRENT LIABILITIES	(42,686)	(101,779)
	1,499,045	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.

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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2005

	(Unaudited) As at end of current period 30 Sept 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	27,218	19,910
SHAREHOLDERS' FUNDS	354,290	346,982
<u>DEFERRED AND LONG TERM</u>		
<u>LIABILITIES</u>		
Long term borrowings	1,135,441	1,009,169
Deferred taxation	8,920	9,740
Hire purchase payables	306	412
Minority interest	88	88
	1,144,755	1,019,409
	1,499,045	1,366,391
NET TANGIBLE ASSETS PER SHARE (RM)	0.69	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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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			(47,825)		(47,825)
Loss for the year				(5,784)	(5,784)
At 31 December 2004	223,509	103,563	-	19,910	346,982
Profit for the period				7,308	7,308
At 30 September 2005	223,509	103,563	-	27,218	354,290

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.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	9 Months Ended	
	30 Sept 05 RM '000	30 Sept 04 RM '000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	8,137	(708)
Adjustments for:		
Depreciation	626	8,227
Interest expenses	80,801	71,938
Amortisation of concession expenditure	-	41,222
Gain on disposal of ESSB Baid	(25,305)	(27)
Share of profit in associate company	(4,835)	-
Interest income	(1,251)	(1,090)
Amortisation of goodwill on consolidation	9,260	7,435
Operating profit before working capital changes	67,433	126,997
Changes in working capital:		
Net change in current assets	7,973	(63,338)
Net change in current liabilities	78,374	(4,836)
Cash generated from operations	153,780	58,823
Interest paid	(38)	(402)
Income taxes paid	(926)	(476)
Net cash flow generated from operating activities	152,816	57,945
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(212)	(849)
Proceeds from disposal of fixed assets	-	27
Issuance of Series 2 ESSB Baid	12,431	-
Development cost	(101,699)	-
Disposal of ESSB Baid	184,834	-
Dividend income	3,136	-
Interest received	1,251	1,090
Net cash generated from investing activities	99,741	268

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.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

	9 Months Ended	
	30 Sept 05 RM '000	30 Sept 04 RM '000
Cash Flows From Financing Activities		
Redemption of ABBA Notes	(79,802)	-
Repayment of borrowings	(160,000)	(121,716)
(Increase in)/Release of deposits pledged	(1,366)	62,797
Repayment of hire purchase and lease payables	(96)	(150)
Net cash used in financing activities	<u>(241,264)</u>	<u>(59,069)</u>
Net Increase in Cash and Cash Equivalents	11,293	(856)
Cash and Cash Equivalents At Beginning of Year	<u>1,649</u>	<u>10,280</u>
Cash and Cash Equivalents At End of Period	<u>12,942</u>	<u>9,424</u>

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

	RM'000	RM'000
Deposits	52,483	46,281
Cash and bank balances	<u>1,643</u>	<u>9,424</u>
	54,126	55,705
Less: Cash and bank balances and deposits pledged	(41,184)	(46,281)
Cash and Cash Equivalents At End of Period	<u>12,942</u>	<u>9,424</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 September 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 September 2005 except for the following: -

	Current period ended 30 Sept 05 (RM'000)
<u>Repayment</u>	
- Tranches 1, 2 & 3 of Encorp Systembilt Sdn Bhd ("ESSB") Bai' Bithaman Ajil Islamic Notes ("Baidas")	(79,802)
<u>Issuance/Disposal</u>	
- Tranche 4, Series 1 ESSB Baidas	184,834
- Tranche 4, Series 2 ESSB Baidas	12,431
	<u>117,463</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 September 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	-	3,831	-	77,682	-	81,513
- Inter-segment sales	3,406	-	-	-	(3,406)	-
Total revenue	3,406	3,831	-	77,682	(3,406)	81,513
Results						
- Segment results	(1,721)	(1,640)	(3,874)	77,178	(12,396)	57,547
- Interest expense	(4,977)	(3)	(29)	(83,196)	7,404	(80,801)
- Interest income	7,637	23	3	992	(7,404)	1,251
- Gain on disposal of ESSB bids	25,305	-	-	-	-	25,305
- Share of profits of associate	4,835	-	-	-	-	4,835
						8,137
- Taxation	(1,601)	-	-	772	-	(829)
Net profit for the period						7,308
Minority interest						-
Net profit attributable to shareholders						7,308

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

ASSETS AND LIABILITIES	Investment Holding RM'000	Development RM'000	Construction RM'000	Other * RM'000	Elimination RM'000	Consolidated RM'000
Segment assets						
Consolidated total assets	441,120	127,858	73,277	1,449,369	(316,885)	1,774,739
Segment liabilities						
Consolidated total liabilities	28,580	130,780	82,326	1,344,281	(165,518)	1,420,449
OTHER INFORMATION						
Capital Expenditure	89	112	11	-	-	212
Depreciation and amortisation	37	19	559	11	-	626
Amortisation of goodwill on consolidation	-	-	-	-	9,260	9,260

* 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

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

A13. Capital Commitments

As at 30 September 2005	RM'000 <u>15,500</u>
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B1. Review of Performance of the Company and its Principal Subsidiaries

The Group achieved revenue of RM81.51 million and recorded a pre-tax profit of RM8.14 million for the current period ended 30 September 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 loss before tax of RM6.74 million as compared to the profit before tax of RM20.55 million recorded in the immediate preceding quarter. The loss is mainly attributable to the interest expense on the ESSB's BAIDS and the financial results will improve upon the resolution of the final accounts and extension of time claims on the teachers' quarters. The preceding quarter's profit is also contributed by the Company's gain on the disposal of its ESSB's BAIDS.

B3. Current Year Prospect

A substantial contribution is expected from the teacher's quarters 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 September 2005.

B5. Taxation

	Current year quarter 30 Sept 05 RM'000	Current year to date 30 Sept 05 RM'000
Income tax	619	1,601
Deferred tax	-	(772)
	<u>619</u>	<u>829</u>

B6. Disposal of Unquoted Investments and Properties

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

There were no corporate proposals which are outstanding.

B9. Group Borrowings

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

	As at 30 Sept 05 RM'000
<u>Short term borrowings – payable within 12 months</u>	
Hire purchase payables	159
Bai Bithaman Ajil Notes – secured	129,650
	<u>129,809</u>
<u>Long term borrowings – payable after 12 months</u>	
Hire purchase payables	306
Advance	8,000
Bai Bithaman Ajil Notes – secured	1,127,441
	<u>1,135,747</u>
Total borrowings	<u>1,265,556</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 first mentioned on 26 May 2005 and on 26 July 2005, the Trial Judge directed the parties to attempt out of court settlement for the matter. The pre-trial case management was mentioned on 19 October 2005 and the matter is now fixed for trial on 6 and 7 March 2006.

B12. Dividends

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

B13. Earnings per Share

	Current quarter ended 30 Sept 05	Current year ended 30 Sept 05
Net (loss)/profit attributable to shareholders (RM' 000)	<u>(7,355)</u>	<u>7,308</u>
Weighted average number of ordinary shares in issue ('000)	<u>223,509</u>	<u>223,509</u>
Basic (loss)/earnings per ordinary share (Sen)	(3.29)	3.27

By Order of the Board
ENCORP BERHAD

Chua Siew Chuan
Company Secretaries

18 November 2005