

Encorp Berhad

(Company No: 506836-X)

(Incorporated in Malaysia)

Quarterly report on unaudited consolidated results for the financial year ended 31 December 2005.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Unaudited Individual Quarter		Unaudited Cumulative Quarter	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Year
	31 Dec 05	31 Dec 04	31 Dec 05	31 Dec 04
	RM'000	RM'000	RM'000	RM'000
Revenue	32,896	318,451	114,409	557,171
Operating Expenses	(13,046)	(299,306)	(37,585)	(466,581)
Profit from Operations	<u>19,850</u>	<u>19,145</u>	<u>76,824</u>	<u>90,590</u>
Other Operating Income	533	5,085	2,357	3,433
Gain on Disposal of ESSB's Baidis	-	-	25,305	-
Loss on Disposal of Subsidiary	-	(736)	-	(736)
Share of Profit of Associate Company	1,389	784	6,224	784
Finance Costs	(28,209)	(26,594)	(109,010)	(96,819)
Profit/(Loss) Before Tax	<u>(6,437)</u>	<u>(2,316)</u>	<u>1,700</u>	<u>(2,748)</u>
Taxation	225	(1,054)	(604)	(2,948)
Profit/(Loss) After Tax	<u>(6,212)</u>	<u>(3,370)</u>	<u>1,096</u>	<u>(5,696)</u>
Minority Interest	88	(102)	88	(88)
Net Profit/(Loss) for the Period/Year	<u><u>(6,124)</u></u>	<u><u>(3,472)</u></u>	<u><u>1,184</u></u>	<u><u>(5,784)</u></u>
Earnings/(Loss) Per Share (Sen)				
- Basic (223,508,536)	<u><u>(2.74)</u></u>	<u><u>(1.55)</u></u>	<u><u>0.53</u></u>	<u><u>(2.59)</u></u>

The Condensed Income Statements should be read in conjunction with the Audited Financial Statements for the financial 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 31 DECEMBER 2005

	(Unaudited) As At End of Current Year 31 Dec 05 RM'000	(Audited) As At Preceding Financial Year End 31 Dec 04 RM'000
PROPERTY, PLANT AND EQUIPMENT	5,533	6,130
LAND AND DEVELOPMENT COST	98,859	6,684
INVESTMENT IN ASSOCIATE COMPANY	45,147	42,508
GOODWILL	197,003	209,350
CONCESSION INCOME RECEIVABLE	1,190,119	1,203,498
<u>CURRENT ASSETS</u>		
Property development cost	21,237	11,790
Trade receivables	134,015	144,713
Other receivables	5,535	13,479
Tax recoverable	999	1,364
Deposit, cash and bank balances	67,600	37,694
	229,386	209,040
<u>CURRENT LIABILITIES</u>		
Trade payables	25,133	26,116
Other payables	137,874	33,419
Amount due to corporate shareholder	1,384	2,039
Amount due to associate company	-	2
Short term borrowings	88,350	248,350
Hire purchase payables	162	149
Provision for taxation	741	744
	253,644	310,819
NET CURRENT LIABILITIES	(24,258)	(101,779)
	1,512,403	1,366,391

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial 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 31 DECEMBER 2005

	(Unaudited) As At End of Current Year 31 Dec 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	21,094	19,910
SHAREHOLDERS' FUNDS	348,166	346,982
<u>DEFERRED AND LONG TERM</u>		
<u>LIABILITIES</u>		
Long term borrowings	1,155,005	1,009,169
Deferred taxation	8,968	9,740
Hire purchase payables	264	412
Minority interest	-	88
	1,164,237	1,019,409
	1,512,403	1,366,391
NET ASSETS PER SHARE (RM)	1.56	1.55

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial 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 YEAR ENDED 31 DECEMBER 2005

	←	Non - Distributable	→		
	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Distributable 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 year	-	-	-	1,184	1,184
At 31 December 2005	223,509	103,563	-	21,094	348,166

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial 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 YEAR ENDED 31 DECEMBER 2005

	Unaudited For The Year Ended 31 Dec 05 RM'000	Audited For The Year Ended 31 Dec 04 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	1,700	(2,748)
Adjustments for:		
Depreciation	838	9,256
Interest expenses	109,010	96,819
Amortisation of concession expenditure	-	316,377
Concession expenditure written off	-	355
Gain on disposal of ESSB' Baidis	(25,305)	-
Loss on disposal of subsidiary	-	736
Provision for doubtful debts	-	596
Share of profit of associate company	(6,224)	(784)
Interest income	(1,783)	(1,431)
Amortisation of goodwill on consolidation	12,347	10,319
Operating profit before working capital changes	90,583	429,495
Changes in working capital:		
Net change in current assets	192,386	(261,196)
Net change in current liabilities	(62,672)	(235,451)
Cash generated from/(used in) operations	220,297	(67,152)
Interest paid	(49)	(315)
Income taxes paid	(878)	(498)
Net cash from/(used in) operating activities	219,370	(67,965)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(241)	(903)
Acquisition of subsidiary	-	420
Disposal of subsidiary	-	(8,718)
Issuance of Series 2 ESSB Baidis	12,431	-
Development cost	(101,622)	(1,964)
Disposal of ESSB's Baidis	184,834	-
Dividend income	3,136	-
Interest received	1,783	1,431
Net cash from/(used in) investing activities	100,321	(9,734)

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

Encorp Berhad

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Unaudited For The Year Ended 31 Dec 05 RM'000	Audited For The Year Ended 31 Dec 04 RM'000
Cash Flows From Financing Activities		
Redemption of ABBA Notes	(129,650)	(170,997)
Proceeds from borrowings	-	162,667
Repayment of borrowings	(160,000)	(3,450)
Advance received	-	8,000
(Increase in)/release of deposits pledged	(18,460)	71,601
Repayment of hire purchase	(135)	(185)
Net cash (used in)/from financing activities	<u>(308,245)</u>	<u>67,636</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	11,446	(10,063)
Cash and Cash Equivalents At Beginning of Year	<u>217</u>	<u>10,280</u>
Cash and Cash Equivalents At End of Year	<u>11,663</u>	<u>217</u>

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

	RM'000	RM'000
Deposits	55,937	35,935
Cash and bank balances	<u>11,663</u>	<u>1,759</u>
	67,600	37,694
Less: Cash and bank balances and deposits pledged	(55,937)	(37,477)
Cash and Cash Equivalents At End of Year	<u>11,663</u>	<u>217</u>

The Condensed Consolidated Cashflow Statements should be read in conjunction with the Audited Financial Statements for the financial 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 year ended 31 December 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 financial year ended 31 December 2004.

The accounting policies and methods of computation applied in the condensed financial statements of the Encorp Berhad ("the Group") are consistent with those applied in the most recent annual audited financial statements for the financial 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 financial 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 year 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 year ended 31 December 2005 except for the following: -

	Current year ended 31 Dec 05 RM'000
<u>Repayment</u>	
- Tranches 1, 2 & 3 of Encorp Systembilt Sdn Bhd ("ESSB") Bai' Bithaman Ajil Islamic Notes ("Baidis")	(129,650)
<u>Issuance/Disposal</u>	
- Tranche 4, Series 1 ESSB's Baidis	184,834
- Tranche 4, Series 2 ESSB's Baidis	12,431
	<u>67,615</u>

A7. Dividends Paid

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

A8. Segmental Reporting

The Group's financial information by industry segments as at 31 December 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	-	10,653	-	103,756	-	114,409
- Inter-segment sales	3,895	-	-	-	(3,895)	-
Total revenue	3,895	10,653	-	103,756	(3,895)	114,409
Results						
- Segment results	(2,913)	(1,883)	(5,288)	103,164	(15,682)	77,398
- Interest expense	(4,978)	(4)	(37)	(111,395)	7,404	(109,010)
- Interest income	7,761	38	3	1,385	(7,404)	1,783
- Gain on disposal of ESSB's Baidis	25,305	-	-	-	-	25,305
- Share of profits of associate	6,224	-	-	-	-	6,224
						1,700
- Taxation	(1,328)	(48)	-	772	-	(604)
Net profit for the year						1,096
Minority interest						88
Net profit attributable to shareholders						1,184

* 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	439,807	134,713	19,792	1,389,256	(217,521)	1,766,047
Segment liabilities						
Consolidated total liabilities	27,459	137,913	30,261	1,285,989	(63,741)	1,417,881
OTHER INFORMATION						
Capital expenditure	106	121	14	-	-	241
Depreciation and amortisation	51	29	743	15	-	838
Amortisation of goodwill on consolidation	-	-	-	-	12,347	12,347

* 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

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 year 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 31 December 2005	<u>31,807</u>

A13. Capital Commitments

	RM'000
As at 31 December 2005	<u>15,500</u>

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

The Group achieved revenue of RM114.41 million and recorded a pre-tax profit of RM1.7 million for the current financial year ended 31 December 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 RM6.44 million as compared to the loss before tax of RM6.74 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.

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 in line with the sale of properties in two of the property development projects of the Company.

B4. Variance from Forecast Profit and Profit Guarantee

Not applicable for the current quarter ended 31 December 2005.

B5. Taxation

	Current quarter ended 31 Dec 05 RM'000	Current year to date 31 Dec 05 RM'000
Income tax	(225)	1,376
Deferred tax	-	(772)
	<u>(225)</u>	<u>604</u>

B6. Disposal of Unquoted Investments and Properties

There was no disposal of investments for the current financial year under review.

B7. Purchase or Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

There were no corporate proposals which are outstanding.

B9. Group Borrowings

The Group's borrowings as at 31 December 2005 comprise: -

	As at 31 Dec 05 RM'000
<u>Short term borrowings - payable within 12 months</u>	
Hire purchase payables	162
Bai Bithaman Ajil Notes - secured	88,350
	<u>88,512</u>
<u>Long term borrowings - payable after 12 months</u>	
Hire purchase payables	264
Advance	8,000
Bai Bithaman Ajil Notes - secured	1,147,005
	<u>1,155,269</u>
Total borrowings	<u>1,243,781</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 of RM7.7 million made by a third party against, inter alia, two subsidiaries for losses and damages suffered from alleged trespass into its land on which the two subsidiaries were carrying out works for the Government of Malaysia. The case was mentioned on 26 May 2005 and 26 July 2005 during which the Trial Judge directed the parties to attempt an out of court settlement. The trial date has been fixed on the 6 and 7 March 2006. Negotiations for the out of court settlement are currently on-going.

B12. Dividends

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

B13. Earnings Per Share

	Current quarter ended 31 Dec 05	Current year ended 31 Dec 05
Net (loss)/profit attributable to shareholders (RM'000)	<u>(6,124)</u>	<u>1,184</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)	<u>(2.74)</u>	<u>0.53</u>

By Order of the Board
ENCORP BERHAD

Chua Siew Chuan
Company Secretary

24 February 2006