

ENCORP BERHAD

(506836-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2006

(Unaudited)

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ENCORP BERHAD

(Company No: 506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	← Individual Quarter →		← Cumulative Quarters →	
	Current Quarter Ended 30 Sept 06 RM'000	Preceding Period Corresponding Quarter 30 Sept 05 RM'000	Unaudited Current Period To Date 30 Sept 06 RM'000	Preceding Period Corresponding Period 30 Sept 05 RM'000
Revenue	44,212	27,073	100,677	81,513
Cost of Sales	<u>(13,152)</u>	<u>(857)</u>	<u>(17,413)</u>	<u>(3,574)</u>
Gross Profit	31,060	26,216	83,264	77,939
Other Income	607	1,040	1,937	1,823
Gain on Disposal of ESSB Baidis	-	-	-	25,305
Distribution Costs	(711)	(796)	(2,042)	(1,038)
Administrative Expenses	(3,232)	(3,231)	(7,990)	(9,252)
Other Expenses	(1,855)	(3,561)	(4,456)	(10,674)
Finance Costs	<u>(27,840)</u>	<u>(28,273)</u>	<u>(82,616)</u>	<u>(80,801)</u>
(Loss) / Profit Before Tax	(1,971)	(8,605)	(11,903)	3,302
Income Tax Expense	<u>(322)</u>	<u>(1)</u>	<u>(322)</u>	<u>771</u>
(Loss) / Profit For The Period From Operations	<u>(2,293)</u>	<u>(8,606)</u>	<u>(12,225)</u>	<u>4,073</u>
Asset Held for Sale				
Share of Profit of Associate	1,571	1,251	4,064	3,235
Net Fair Value Less Carrying Value	<u>(7,151)</u>	<u>-</u>	<u>(7,151)</u>	<u>-</u>
	<u>(5,580)</u>	<u>1,251</u>	<u>(3,087)</u>	<u>3,235</u>
(Loss) / Profit For The Period	<u>(7,873)</u>	<u>(7,355)</u>	<u>(15,312)</u>	<u>7,308</u>
Attributable To:				
Equity Holders of The Parent	(8,243)	(7,355)	(15,682)	7,308
Minority Interest	<u>370</u>	<u>-</u>	<u>370</u>	<u>-</u>
	<u>(7,873)</u>	<u>(7,355)</u>	<u>(15,312)</u>	<u>7,308</u>
(Loss) / Earnings Per Share Attributable To Equity Holders of The Parent (Sen):				
Basic, For (Loss) / Profit For The Period	<u>(3.69)</u>	<u>(3.29)</u>	<u>(7.02)</u>	<u>3.27</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005 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 SEPTEMBER 2006**

	Unaudited As At End of Current Period 30 Sept 06 RM'000	Audited As At Preceding Financial Year 31 Dec 05 RM'000
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	5,288	5,533
LAND HELD FOR PROPERTY DEVELOPMENT	100,557	100,557
INVESTMENT IN ASSOCIATE	-	45,145
GOODWILL ON CONSOLIDATION	192,989	197,003
CONCESSION INCOME RECEIVABLES	1,281,601	1,293,687
<u>CURRENT ASSETS</u>		
Property Development Costs	39,450	22,221
Trade and Other Receivables	59,520	33,454
Tax Recoverable	999	999
Deposits, Cash and Bank Balances	63,462	67,600
	163,431	124,274
Investment In Associate Held for Sale	39,800	-
	203,231	124,274
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	104,264	73,198
Amount Due to Corporate Shareholder	634	1,383
Short Term Borrowings	70,875	23,242
Hire Purchase Payables	171	177
Provision for Taxation	852	741
	176,796	98,741
NET CURRENT ASSETS	26,435	25,533
	<u>1,606,870</u>	<u>1,667,458</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2006**

	Unaudited As At End of Current Period 30 Sept 06 RM'000	Audited As At Preceding Financial Year 31 Dec 05 RM'000
FINANCED BY:		
SHARE CAPITAL	223,509	223,509
SHARE PREMIUM	103,563	103,563
RETAINED PROFITS	<u>7,823</u>	<u>23,505</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	334,895	350,577
MINORITY INTEREST	<u>370</u>	<u>-</u>
TOTAL EQUITY	335,265	350,577
<u>NON-CURRENT LIABILITIES</u>		
Trade Payables	87,538	87,538
Long Term Borrowings	1,174,940	1,220,113
Deferred Taxation	8,991	8,980
Hire Purchase Payables	136	250
	<u>1,271,605</u>	<u>1,316,881</u>
	<u>1,606,870</u>	<u>1,667,458</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (RM)	<u>1.50</u>	<u>1.57</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005 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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	Attributable to Equity Holders of the Parent					
	Non - Distributable		Distributable			
	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2005	223,509	103,563	19,910	346,982	-	346,982
Profit for the Period	-	-	7,308	7,308	-	7,308
Total recognised income and expense for the period	-	-	7,308	7,308	-	7,308
At 30 September 2005	223,509	103,563	27,218	354,290	-	354,290
At 1 January 2006	223,509	103,563	23,505	350,577	-	350,577
(Loss) / Profit for the Period	-	-	(15,682)	(15,682)	370	(15,312)
Total recognised income and expense for the period	-	-	(15,682)	(15,682)	-	(15,682)
At 30 September 2006	223,509	103,563	7,823	334,895	370	335,265





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 2005 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	 Unaudited   9 Months Ended  30 Sept 06 30 Sept 05 RM'000 RM'000
Cash Flows From Operating Activities	
(Loss) / profit before taxation	(11,903) 3,302
Adjustments for:	
Depreciation	442 626
Interest expenses	82,616 80,801
Allowance for doubtful debts	3 -
Gain on disposal of ESSB Baid	- (25,305)
Gain on disposal of property, plant and equipment	(6) -
Interest income on deposits	(1,893) (1,251)
Impairment / amortisation of goodwill on consolidation	4,014 9,260
Operating profit before working capital changes	73,273 67,433
Changes in working capital:	
Net changes in current assets	(14,057) 7,973
Net changes in current liabilities	30,317 78,374
Cash generated from operations	89,533 153,780
Interest paid	(21) (38)
Income taxes paid	(1,078) (926)
Net cash generated from operating activities	88,434 152,816
Cash Flows From Investing Activities	
Purchase of property, plant and equipment	(206) (212)
Proceeds from issuance of Series 2 ESSB Baid	- 12,431
Development costs	(17,229) (101,699)
Proceeds from disposal of ESSB Baid	- 184,834
Proceeds from disposal of property, plant and equipment	15 -
Dividend income	3,136 3,136
Interest received	1,587 1,251
Net cash (used in) / generated from investing activities	(12,697) 99,741

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005 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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

← Unaudited →
← 9 Months Ended →
30 Sept 06 30 Sept 05
RM'000 RM'000

Cash Flows From Financing Activities

Redemption of ABBA Notes	(79,755)	(79,802)
Repayment of borrowings	-	(160,000)
Released / (placement) of deposits pledged	14,339	(1,366)
Repayment of hire purchase	(120)	(96)
Net cash used in financing activities	<u>(65,536)</u>	<u>(241,264)</u>
Net Increase in Cash and Cash Equivalents	10,201	11,293
Cash and Cash Equivalents At Beginning of Period	<u>9,393</u>	<u>1,649</u>
Cash and Cash Equivalents At End of Period	<u>19,594</u>	<u>12,942</u>

Cash and cash equivalents comprise the following: -

Cash deposits placed with:

Licensed banks	21,257	15,271
Licensed corporation	38,194	37,211
Cash and bank balances	4,011	1,644
	<u>63,462</u>	<u>54,126</u>
Less: Cash and bank balances and deposits pledged / designated	(43,868)	(41,184)
Cash and Cash Equivalents At End of Period	<u>19,594</u>	<u>12,942</u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (FRS) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Encorp Berhad Group ("the Group") since the financial year ended 31 December 2005.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with the most recent annual financial statements for the financial year ended 31 December 2005 except for the adoption of the following new or revised FRSs effective for the financial period beginning 1 January 2006: -

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the new or revised FRS 117: Leases and FRS 124: Related Party Disclosures for the financial period beginning 1 January 2006.

Except as noted below, the adoption of FRSs does not have significant financial impact on the Group. The principle effects of the changes in accounting policies resulting from the adoption of the new or revised FRSs are discussed below: -

a) FRS 3: Business Combinations and FRS 136: Impairment of Assets

The new FRS 3 has resulted in consequential amendments to FRS 136.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortisation of RM49,930,110 against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM197,003,142 ceased to be amortised. This has the effect of reducing the amortisation charges by RM1,378,653 in the current quarter and RM5,245,953 in the financial period ended 30 September 2006.

**ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associate and other disclosures. In the condensed consolidated balance sheet, minority interest is now presented within total equity. In the condensed consolidated income statement, minority interest is presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

c) FRS 5: Non-Current Assets Held for Sale and Discontinued Operations

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation. Prior to 1 January 2006, under the previous FRS 135, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the board of directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed of. Such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of the component or is a subsidiary acquired exclusively with a view to resale. The result of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point than under the previous FRS 135 due to the stricter criteria in FRS 5.

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets and liabilities of a discontinued operation (a disposal group) that are classified as held for sale are measured in accordance with FRS 5. Immediately before classification as held for sale, the carrying amounts of all the assets and liabilities in the disposal group is measured in accordance with applicable FRSS. Then, on initial classification as held for sale, the disposal group is recognised at the lower of carrying amount and fair value less costs to sell.

The disposal group is disclosed in Note A13 of the explanatory notes.

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2005 were not subject to any qualification.

A4. Seasonal or Cyclical Factors of Operations

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

A5. 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.

A6. 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.

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

A7. 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 2006 except for the following: -

	RM'000
<u>Repayment</u>	
Tranches 1, 2 and 3 of Encorp Systembilt Sdn Bhd ("ESSB") Al-Bai Bithaman Ajil Notes ("Baidis")	<u>(79,755)</u>

A8. Dividends Paid

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

A9. Segmental Reporting

The Group's segment revenue and results are presented by industry segments for the financial period ended 30 September 2006 as follow: -

	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Other * RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue						
- External sales	-	22,959	-	77,718	-	100,677
- Inter-segment sales	<u>3,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,759)</u>	<u>-</u>
Total revenue	3,759	22,959	-	77,718	(3,759)	<u>100,677</u>
Segment Results						
Results from operations						
- Segment results	(206)	2,492	(748)	74,631	(7,349)	68,820
- Finance costs	(3)	-	(18)	(82,595)	-	(82,616)
- Interest income	190	423	-	1,280	-	1,893
- Income tax expense	-	(322)	-	-	-	<u>(322)</u>
						<u>(12,225)</u>
Results from asset held for sale						
- Share of profit of associate	4,064	-	-	-	-	4,064
- Net fair value less carrying value	<u>(7,151)</u>					<u>(7,151)</u>
Total						<u>(15,312)</u>
(Loss) / profit attributable to:						
Equity holders of the parent						(15,682)
Minority interest						<u>370</u>
						<u>(15,312)</u>

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

A10. Valuation of Property, Plant and Equipment

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

A11. Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the end of the current quarter except as disclosed under note A13.

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

A12. 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 except for the disposal of 55% interest in Encorp L & M Precast Sdn Bhd to Encorp Group Sdn Bhd for a total cash consideration of RM1 on 11 September 2006 and the proposed disposal of Great Wall Plastic Industries Berhad as explained further under A13 below.

A13. Asset Held for Sale

On 22 November 2006, the Group announced the proposed disposal of 49% of its investment in Great Wall Plastic Industries Berhad comprising 39,201,960 ordinary shares of RM1.00 each for a total cash consideration of RM40 million and which is subject to the approval of the relevant authorities and its shareholders. The Extraordinary Meeting will be held on 29 December 2006.

	Quarter Ended		Current Period Ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM'000	RM'000	RM'000	RM'000
Share of profit of associate	1,571	1,251	4,064	3,235
Net fair value less carrying value	(7,151)	-	(7,151)	-
	<u>(5,580)</u>	<u>1,251</u>	<u>(3,087)</u>	<u>3,235</u>

A14. Changes in Contingent Liabilities

	RM'000
As at 31 December 2005	<u>39,511</u>
As at 30 September 2006	<u>39,511</u>

A15. Capital Commitments

	RM'000
As at 30 September 2006	<u>20,535</u>

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

The Group achieved revenue of RM100.68 million for the current financial period ended 30 September 2006. The revenue was attributable to the annuity interest income arising from the completion and handover of teachers' quarters and the sales from the property development. The loss for the same financial period from operations is RM12.22 million. It is mainly attributable to the delay in the approval of the final accounts and extension of time claims on the teachers' quarters.

B2. Comparison with Immediate Preceding Quarter

For the current quarter under review, the Group recorded a loss for the period from operations of RM2.29 million as compared to a loss of RM3.74 million recorded in the immediate preceding quarter.

The lower loss for the quarter is mainly attributable to the recognition of profits in the property development projects. The financial results will improve further upon the progress of construction works and sale of units in the property development projects and the resolution of the final accounts and extension of time claims on the teachers' quarters.

For the current quarter under review, the share of profit from an associate company is RM1.57 million. In the preceding quarter, it was RM1.24 million. The investment in the associate company is now classified as asset held for sale.

With reference to paragraph A2(a), the goodwill was amortised in the previous year. However, in the period ended 30 September 2006 the goodwill is treated in line with the adoption of FRS 3 and FRS 136. This change in accounting policy has resulted in a lower goodwill expense of RM1.38 million in the current quarter and RM5.25 million for the financial period ended 30 September 2006.

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

B3. Current Year Prospect

A substantial contribution is expected from the teachers' 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 a subsidiary company.

B4. Variance from Forecast Profit and Profit Guarantee

Not applicable for the current quarter ended 30 September 2006.

B5. Income Tax Expense

	Current Quarter Ended 30 Sept 06 RM'000	Current Period Ended 30 Sept 06 RM'000
Income tax	(311)	(311)
Deferred tax	(11)	(11)
	<u>(322)</u>	<u>(322)</u>

The effective tax rate is lower than the statutory rate mainly due to unabsorbed capital allowance and unutilised losses utilised in the current quarter.

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 except as disclosed in A13 above.

B9. Group Borrowings

The Group borrowings as at 30 September 2006 comprise: -

	RM'000
<u>Short Term Borrowings - Payable Within 12 Months</u>	
Hire purchase payables	171
Al-Bai Bithaman Ajil Notes - secured	70,875
	<u>71,046</u>
<u>Long Term Borrowings - Payable After 12 Months</u>	
Hire purchase payables	136
Advance	8,000
Al-Bai Bithaman Ajil Notes - secured	1,166,940
	<u>1,175,076</u>
Total group borrowings	<u><u>1,246,122</u></u>

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006

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

- a) There is a claim of RM7.7 million made by a third party against, inter alia, two subsidiaries of the Group 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 case was heard on 6 March 2006 and was to be continued on 10 July 2006. However, it has been subsequently postponed to a later date to be fixed.
- b) There is an arbitration proceeding between a subsidiary ("Subsidiary") and one of the Subsidiary's contractors ("Contractor") in respect of claims arising from the Teachers' Quarters Project undertaken by the Contractor. From the total claims submitted by the Contractor, a portion thereof has been certified and paid by the Subsidiary. The balance of the claims amounting to approximately RM5m comprises claims arising due to the late delivery of the site to the Contractor, claims for extension of time and head office costs which the Subsidiary is disputing. At the same time, the Subsidiary is pursuing its counter claim against the Contractor. The arbitration proceeding has been fixed for continued hearing from 11 to 15 December 2006.

B12. Dividends

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

B13. Basic Loss Per Share

	Current quarter ended 30 Sept 06	Current period ended 30 Sept 06
Loss attributable to equity holders of the parent (RM'000)	<u><u>(8,243)</u></u>	<u><u>(15,682)</u></u>
Weighted average number of ordinary shares in issue ('000)	<u><u>223,509</u></u>	<u><u>223,509</u></u>
Basic loss per ordinary share (Sen)	<u><u>(3.69)</u></u>	<u><u>(7.02)</u></u>

There is no diluted earnings per share as there were no dilutive potential ordinary shares.

B14. 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 29 November 2006.

By Order of The Board
ENCORP BERHAD (506836-X)

Chua Siew Chuan
 Company Secretary

29 November 2006