

**ENCORP BERHAD**

**(506836-X)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2007**

(Unaudited)

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**ENCORP BERHAD**

(Company No: 506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	← Unaudited → ← Individual Quarter →		← Unaudited →      ← Audited → ← Cumulative Quarters →	
	Current Quarter Ended 31 Dec 07 RM'000	Preceding Year Corresponding Quarter 31 Dec 06 RM'000	Current Year To Date 31 Dec 07 RM'000	Preceding Year Corresponding Year 31 Dec 06 RM'000
Revenue	56,906	42,479	327,743	143,126
Cost of Sales	<u>(18,607)</u>	<u>(8,070)</u>	<u>(81,259)</u>	<u>(25,455)</u>
Gross Profit	38,299	34,409	246,484	117,671
Other Income	2,555	1,833	5,660	3,943
Selling and Marketing Expenses	(670)	(1,319)	(1,791)	(3,362)
Administrative Expenses	(7,443)	(3,239)	(15,692)	(12,333)
Other Expenses	(2,358)	(109,145)	(13,023)	(119,840)
Finance Costs	(26,729)	(27,838)	(110,068)	(109,949)
Share of Profit of Associate	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,064</u>
Profit / (Loss) Before Tax	3,654	(105,299)	111,570	(119,806)
Income Tax Expense	<u>(2,217)</u>	<u>(3,239)</u>	<u>(33,505)</u>	<u>(3,182)</u>
Profit / (Loss) For The Period	<u>1,437</u>	<u>(108,538)</u>	<u>78,065</u>	<u>(122,988)</u>
Attributable To:				
Equity Holders of The Parent	308	(110,037)	69,837	(124,844)
Minority Interest	1,129	1,499	8,228	1,856
	<u>1,437</u>	<u>(108,538)</u>	<u>78,065</u>	<u>(122,988)</u>
Earnings / (Loss) Per Share Attributable To Equity Holders of The Parent (Sen):				
Basic, For Profit / (Loss) For The Period	<u>0.14</u>	<u>(49.23)</u>	<u>31.25</u>	<u>(55.86)</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 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 31 DECEMBER 2007**

	<b>Unaudited As At End of Current Period 31 Dec 07 RM'000</b>	<b>Audited As At Preceding Financial Period 31 Dec 06 RM'000</b>
<b>ASSETS</b>		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	5,971	5,096
LAND HELD FOR PROPERTY DEVELOPMENT	51,470	82,727
GOODWILL ON CONSOLIDATION	140,879	153,205
CONCESSION INCOME RECEIVABLES	1,034,423	1,106,113
<u>CURRENT ASSETS</u>		
Property Development Costs	92,166	63,735
Trade and Other Receivables	166,125	147,973
Tax Recoverable	1,112	264
Deposits, Cash and Bank Balances	235,106	53,445
	494,509	265,417
Investment In Associate Held for Sale	-	39,800
	494,509	305,217
<b>TOTAL ASSETS</b>	<b>1,727,252</b>	<b>1,652,358</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 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 31 DECEMBER 2007**

	<b>Unaudited As At End of Current Period 31 Dec 07 RM'000</b>	<b>Audited As At Preceding Financial Period 31 Dec 06 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
SHARE CAPITAL	223,509	223,509
SHARE PREMIUM	103,563	103,563
ACCUMULATED LOSS	(39,662)	(101,339)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	287,410	225,733
MINORITY INTEREST	6,865	1,856
TOTAL EQUITY	294,275	227,589
<b><u>NON-CURRENT LIABILITIES</u></b>		
Trade Payables	80,575	80,575
Long Term Borrowings	1,088,094	1,106,110
Deferred Taxation	29,702	8,984
Hire Purchase Payables	759	47
	1,199,130	1,195,716
<b><u>CURRENT LIABILITIES</u></b>		
Trade and Other Payables	99,438	109,401
Amount Due to Corporate Shareholder	-	584
Short Term Borrowings	128,042	117,519
Hire Purchase Payables	301	177
Provision for Taxation	6,066	1,372
	233,847	229,053
TOTAL LIABILITIES	1,432,977	1,424,769
TOTAL EQUITY AND LIABILITIES	1,727,252	1,652,358
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (RM)</b>		
	1.29	1.01

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 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 YEAR ENDED 31 DECEMBER 2007**

	Attributable to Equity Holders of the Parent			Total	Minority Interest	Total Equity
	Share Capital RM'000	Non - Distributable Share Premium RM'000	Distributable Retained Profits/ (Accumulated Losses) RM'000			
<b>At 1 January 2006</b>	223,509	103,563	23,505	350,577	-	350,577
Loss for the period	-	-	(124,844)	(124,844)	1,856	(122,988)
At 31 December 2006	<u>223,509</u>	<u>103,563</u>	<u>(101,339)</u>	<u>225,733</u>	<u>1,856</u>	<u>227,589</u>
At 1 January 2007	223,509	103,563	(101,339)	225,733	1,856	227,589
Profit for the period	-	-	69,837	69,837	8,228	78,065
Dividends			(8,160)	(8,160)	(3,219)	(11,379)
At 31 December 2007	<u>223,509</u>	<u>103,563</u>	<u>(39,662)</u>	<u>287,410</u>	<u>6,865</u>	<u>294,275</u>

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 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	← 12 Months Ended → Unaudited 31 Dec 07 RM'000	Audited 31 Dec 06 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit / (loss) before taxation	111,570	(119,806)
Adjustments for:		
Allowance for doubtful debts	-	69,426
Depreciation	696	594
Deferred provision written off	-	114
Gain on disposal of property, plant and equipment	(2)	(21)
Impairment of goodwill on consolidation	12,326	43,798
Interest expenses	110,068	109,949
Interest income	(4,280)	(2,619)
Net fair value less carrying value of associate	-	6,022
Provision for liquidated and ascertained damages	-	212
Share of profit of associate	-	(4,064)
Write back of short term accumulating compensated absences	-	(3)
Operating profit before working capital changes	230,378	103,602
Changes in working capital:		
Net changes in current assets	55,928	7,430
Net changes in current liabilities	(12,355)	28,233
Cash generated from operations	273,951	139,265
Income taxes paid	(9,819)	(1,813)
Interest paid	(31)	(27)
Tax refund	878	-
Net cash generated from operating activities	264,979	137,425
<b>Cash Flows From Investing Activities</b>		
Development costs	2,826	(23,683)
Interest received	4,280	2,091
Proceeds from disposal of associate company	39,800	-
Proceeds from disposal of property, plant and equipment	2	89
Purchase of property, plant and equipment	(453)	(225)
Net cash generated from / (used in) investing activities	46,455	(21,728)

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	<b>Unaudited</b> <b>← 12 Months Ended →</b> <b>31 Dec 07</b> <b>RM'000</b>	<b>Audited</b> <b>31 Dec 06</b> <b>RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Redemption of ABBA Notes	(117,530)	(129,650)
Repayment of advances	(584)	-
Dividends paid	(11,379)	-
Release / (Placement) of deposits pledged	(26,888)	23,905
Repayment of hire purchase	(282)	(202)
Net cash used in financing activities	<u>(156,663)</u>	<u>(105,947)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	154,771	9,750
<b>Cash and Cash Equivalents At Beginning of Period</b>	<u>19,144</u>	<u>9,393</u>
<b>Cash and Cash Equivalents At End of Period</b>	<u><b>173,915</b></u>	<u><b>19,143</b></u>
Cash and cash equivalents comprise the following: -		
Cash deposits placed with:		
- Licensed banks	30,354	23,042
- Licensed corporation	200,539	28,128
Cash and bank balances	<u>4,213</u>	<u>2,276</u>
	235,106	53,446
Less: Bank balance and deposits pledged / designated	(61,191)	(34,303)
<b>Cash and Cash Equivalents At End of Period</b>	<u><b>173,915</b></u>	<u><b>19,143</b></u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 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 YEAR ENDED 31 DECEMBER 2007**

**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 2006. 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 2006.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The Group's latest audited financial statements for the financial year ended 31 December 2006 were 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 2007 except for the following: -

	<b>RM'000</b>
<u>Repayment</u>	
Tranches 1, 2 and 3 of Encorp Systembilt Sdn Bhd's ("ESSB") Al-Bai Bithaman Ajil Notes ("Baidis")	<u>(117,530)</u>

**A7. Dividends Paid**

An interim dividend of 5% less 27% Malaysian income tax in respect of the financial year ending 31 December 2007 amounting to RM8,158,062 was paid on 20 September 2007.



**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

**A8. Segmental Reporting**

The Group's segment revenue and results are presented by industry segments for the financial year ended 31 December 2007 as follows: -

	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Other * RM'000	Elimination RM'000	Consolidated RM'000
<b>Segment Revenue</b>						
- External sales	-	123,395	-	204,348	-	327,743
- Inter-segment sales	23,870	-	17,054	-	(40,924)	-
Total revenue	23,870	123,395	17,054	204,348	(40,924)	327,743
<b>Results</b>						
- Segment results	18,654	36,725	(2,639)	199,226	(34,608)	217,358
- Interest expenses	(11)	-	(17)	(110,040)	-	(110,068)
- Interest income	1,165	1,069	-	2,046	-	4,280
- Income tax expense	(4,889)	(10,367)	(3,966)	(20,717)	6,434	(33,505)
Profit the financial period						78,065
Profit attributable to:						
Equity holders of the parent						69,837
Minority interest						8,228
						78,065

\* 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 2006	39,511
As at 31 December 2007	35,411

**A13. Capital Commitments**

	RM'000
As at 31 December 2006	13,289
As at 31 December 2007	-

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

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

The Group achieved a revenue of RM327.74 million for the current financial year ended 31 December 2007. The revenue is attributed to the annuity interest income arising from the completion and handover of the teachers' quarters and the sales from the property development. The revenue for the period include the final accounts which were settled with the Ministry of Education (MOE).

The Group's profit after tax for the same financial year is RM78.07 million. Likewise, it is mainly derived from the teachers' quarters and the development projects in the subsidiaries.

**B2. Comparison with Immediate Preceding Quarter**

For the current quarter under review, the Group recorded a profit after tax of RM1.44 million as compared to RM6.90 million in the immediate preceding quarter.

The drop in profit in the current quarter as compared to the preceding quarter is due mainly to:

- a. the timing of works on the property development projects;
- b. the increase in administrative expenses relating to employees' performance incentives; and
- c. the provision for additional taxes payable arising from additional assessments in prior years.

For the current quarter, the profits were derived from the concession income and the revenue from the property development projects.

**B3. Current Year Prospect**

The settlement of the final accounts of the teachers' quarters project will result in a constant stream of income to the Group until the expiry of the concession in year 2028. The revenue will be further enhanced by the sale and the development of the properties in a subsidiary company.

**B4. Variance from Forecast Profit and Profit Guarantee**

Not applicable for the current quarter ended 31 December 2007.

**B5. Income Tax Expense**

	<b>Current Quarter Ended 31 Dec 07 RM'000</b>	<b>Current Year Ended 31 Dec 07 RM'000</b>
Income tax	(5,521)	(12,788)
Deferred tax	3,304	(20,717)
	<u>(2,217)</u>	<u>(33,505)</u>

The effective tax rate is higher than the statutory rate mainly due to certain expenses being disallowed for tax deduction.

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

**B6. Disposal of Unquoted Investments and Properties**

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

**B7. Purchase or Disposal of Quoted Securities**

There were 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 borrowings as at 31 December 2007 comprise: -

	<b>RM'000</b>
<b><u>Short Term Borrowings - Payable Within 12 Months</u></b>	
Hire purchase payables	301
Al-Bai Bithaman Ajil Notes - secured	128,042
	<u>128,343</u>
<b><u>Long Term Borrowings - Payable After 12 Months</u></b>	
Hire purchase payables	759
Advance	8,000
Al-Bai Bithaman Ajil Notes - secured	1,080,094
	<u>1,088,853</u>
<b>Total group borrowings</b>	<b><u>1,217,196</u></b>

**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 (subsequently amended to RM3.6 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 trial concluded on 5 December 2007 and the Court had instructed the parties to file in their respective written submissions to the Court. The Court has yet to fix a date for the decision.
- 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 RM5 million comprises claims 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 3 to 7 March 2008.

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

**B12. Dividends**

The Board of Directors had on 21 February 2008 declared a second interim dividend of 5% per ordinary share which comprises of 4.73% single-tier exempt dividends and a 0.27% dividends less 26% Malaysian income tax in respect of the financial year ended 31 December 2007. The dividend is payable on 7 April 2008.

**B13. Basic Earnings Per Share**

	<b>Current quarter ended 31 Dec 07</b>	<b>Current year ended 31 Dec 07</b>
	RM'000	RM'000
Attributable to ordinary equity holders of the parent Profit attributable to equity holders of the parent (RM'000)	<u>308</u>	<u>69,837</u>
Weighted average number of ordinary shares in issue ('000)	<u>223,509</u>	<u>223,509</u>
<b>Basic earnings per ordinary share (Sen)</b>	<u>0.14</u>	<u>31.25</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 27 February 2008.

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

**Chua Siew Chuan**  
 Company Secretary

27 February 2008