

ENCORP BERHAD

(506836-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2008

(Unaudited)

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ENCORP BERHAD

(Company No: 506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008**

	← Unaudited → ← Individual Quarter →		← Unaudited → ← Cumulative Quarters →	
	Current Quarter Ended 31 Mar 08 RM'000	Preceding Year Corresponding Quarter 31 Mar 07 RM'000	Current Year To Date 31 Mar 08 RM'000	Preceding Year Corresponding Period 31 Mar 07 RM'000
Revenue	51,984	56,193	51,984	56,193
Cost of Sales	<u>(14,080)</u>	<u>(17,500)</u>	<u>(14,080)</u>	<u>(17,500)</u>
Gross Profit	37,904	38,693	37,904	38,693
Other Income	1,420	774	1,420	774
Selling and Marketing Expenses	(83)	(203)	(83)	(203)
Administrative Expenses	(2,782)	(2,434)	(2,782)	(2,434)
Other Expenses	(2,202)	(2,043)	(2,202)	(2,043)
Finance Costs	<u>(26,050)</u>	<u>(26,673)</u>	<u>(26,050)</u>	<u>(26,673)</u>
Profit Before Tax	8,207	8,114	8,207	8,114
Income Tax Expense	<u>(2,014)</u>	<u>(3,250)</u>	<u>(2,014)</u>	<u>(3,250)</u>
Profit For The Period	<u><u>6,193</u></u>	<u><u>4,864</u></u>	<u><u>6,193</u></u>	<u><u>4,864</u></u>
Attributable To:				
Equity Holders of The Parent	4,408	2,065	4,408	2,065
Minority Interest	<u>1,785</u>	<u>2,799</u>	<u>1,785</u>	<u>2,799</u>
	<u><u>6,193</u></u>	<u><u>4,864</u></u>	<u><u>6,193</u></u>	<u><u>4,864</u></u>
Earnings Per Share Attributable To Equity Holders of The Parent (Sen):				
Basic, For Profit For The Period	<u><u>1.97</u></u>	<u><u>0.92</u></u>	<u><u>1.97</u></u>	<u><u>0.92</u></u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 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 MARCH 2008**

	Unaudited As At 31 Mar 08 RM'000	Audited As At 31 Dec 07 RM'000
ASSETS		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	5,756	5,971
LAND HELD FOR PROPERTY DEVELOPMENT	51,568	51,568
GOODWILL ON CONSOLIDATION	138,894	140,879
CONCESSION INCOME RECEIVABLES	1,029,756	1,045,812
DEFERRED TAX ASSETS	145	151
<u>CURRENT ASSETS</u>		
Property Development Costs	91,687	91,776
Trade and Other Receivables	191,479	167,336
Tax Recoverable	1,038	993
Investment in fixed income trust funds	49,500	-
Deposits, Cash and Bank Balances	147,141	235,595
	480,845	495,700
TOTAL ASSETS	1,706,964	1,740,081

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

	Unaudited As At 31 Mar 08 RM'000	Audited As At 31 Dec 07 RM'000
EQUITY AND LIABILITIES		
SHARE CAPITAL	223,509	223,509
SHARE PREMIUM	103,563	103,563
ACCUMULATED LOSS	(35,788)	(40,196)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	291,284	286,876
MINORITY INTEREST	8,623	6,838
TOTAL EQUITY	299,907	293,714
<u>NON-CURRENT LIABILITIES</u>		
Trade Payables	74,215	74,215
Long Term Borrowings	1,057,834	1,088,095
Deferred Taxation	30,094	30,094
Hire Purchase Payables	364	759
	1,162,507	1,193,163
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	111,988	118,794
Short Term Borrowings	128,042	128,042
Hire Purchase Payables	622	301
Provision for Taxation	3,898	6,067
	244,550	253,204
TOTAL LIABILITIES	1,407,057	1,446,367
TOTAL EQUITY AND LIABILITIES	1,706,964	1,740,081
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (RM)	1.30	1.28

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 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 31 MARCH 2008**

	Attributable to Equity Holders of the Parent				Minority Interest	Total Equity
	Share Capital	Non - Distributable Share Premium	Distributable Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	223,509	103,563	(40,196)	286,876	6,838	293,714
Profit for the period	-	-	4,408	4,408	1,785	6,193
At 31 March 2008	<u>223,509</u>	<u>103,563</u>	<u>(35,788)</u>	<u>291,284</u>	<u>8,623</u>	<u>299,907</u>
At 1 January 2007	223,509	103,563	(101,339)	225,733	1,856	227,589
Profit for the period	-	-	2,065	2,065	2,799	4,864
At 31 March 2007	<u>223,509</u>	<u>103,563</u>	<u>(99,274)</u>	<u>227,798</u>	<u>4,655</u>	<u>232,453</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE FINANCIAL ENDED 31 MARCH 2008**

	 Unaudited   3 Months Ended  31 Mar 08 31 Mar 07 RM'000 RM'000
Cash Flows From Operating Activities	
Profit before taxation	8,207 8,114
Adjustments for:	
Depreciation	215 148
Impairment of goodwill on consolidation	1,985 1,896
Interest expenses	26,050 26,671
Interest income	<u>(1,420)</u> <u>(653)</u>
Operating profit before working capital changes	35,037 36,176
Changes in working capital:	
Net changes in current assets	(8,087) 9,396
Net changes in current liabilities	<u>(6,806)</u> <u>1,823</u>
Cash generated from operations	20,144 47,395
Income taxes paid	(4,222) (871)
Interest paid	<u>(11)</u> <u>(4)</u>
Net cash generated from operating activities	15,911 46,520
Cash Flows From Investing Activities	
Development costs	89 1,037
Interest received	1,420 566
Proceeds from disposal of associate company	- 39,900
Proceeds from disposal of property, plant and equipment	- (32)
Net cash generated from investing activities	1,509 41,471

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE FINANCIAL ENDED 31 MARCH 2008**

31 Mar 08 31 Mar 07
 RM'000 RM'000

Cash Flows From Financing Activities

Redemption of ABBA Notes	(56,300)	(15,000)
Release / (Placement) of deposits pledged	35,032	(24,094)
Repayment of hire purchase	(74)	(53)
Net cash used in financing activities	(21,342)	(39,147)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,922)	48,844
Cash and Cash Equivalents At Beginning of Period	108,448	19,144
Cash and Cash Equivalents At End of Period	104,526	67,988

Cash and cash equivalents comprise the following: -

Cash deposits placed with:		
- Licensed banks	47,745	56,916
- Licensed corporation	91,371	52,771
Cash and bank balances	8,025	16,697
	147,141	126,384
Investment in fixed income trust fund	49,500	-
Less: Bank balance and deposits pledged / designated	(92,115)	(58,396)
Cash and Cash Equivalents At End of Period	104,526	67,988

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008

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 2007. 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 2007.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2007 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 2007 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 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 31 March 2008 except for the following: -

	RM'000
<u>Repayment</u>	
Tranches 1 and 2 of Encorp Systembilt Sdn Bhd's ("ESSB") Al-Bai Bithaman Ajil Notes ("Baids")	<u>(56,300)</u>

A7. Dividends Paid

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

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008

A8. Segmental Reporting

The Group's segment revenue and results are presented by industry segments for the financial period ended 31 March 2008 as follows: -

	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Other * RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue						
- External sales	-	22,461	-	29,523	-	51,984
- Inter-segment sales	1,110	-	3,727	-	(4,837)	-
Total revenue	1,110	22,461	3,727	29,523	(4,837)	51,984
Results						
- Segment results	(784)	7,611	(554)	28,549	(1,985)	32,837
- Interest expenses	(11)	-	-	(26,039)	-	(26,050)
- Interest income	544	352	-	524	-	1,420
- Income tax expense	-	(2,014)	-	-	-	(2,014)
Profit the financial period						6,193
Profit attributable to:						
Equity holders of the parent						4,408
Minority interest						1,785
						6,193

* 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 during the financial period under review.

A10. Material Events Subsequent to the Balance Sheet Date

Subsequent to the end of the current quarter, the Group had repurchased 829,500 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM831,000. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 829,500.

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 2007	35,411
As at 31 March 2008	35,411

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008

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

The Group achieved a revenue of RM51.98 million for the current financial quarter ended 31 March 2008. 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 includes the final accounts which were settled with the Ministry of Education (MOE).

The Group's profit after tax for the same financial year is RM6.19 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 RM6.19 million as compared to RM1.44 million in the immediate preceding quarter.

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

- a. the increase in sales and progress of works on the property development projects;
- b. the higher administrative expenses incurred for employees' performance incentives and the provision for additional taxes payable arising from additional assessments in prior years in the preceding quarter.

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 has resulted in a constant stream of income to the Group which will expire 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 March 2008.

B5. Income Tax Expense

	Current Quarter Ended 31 Mar 08 RM'000	Current Year-To-Date 31 Mar 08 RM'000
Income tax	(2,008)	(2,008)
Deferred tax	(6)	(6)
	<u>(2,014)</u>	<u>(2,014)</u>

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

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008

B6. Disposal of Unquoted Investments and Properties

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

B7. Purchase or Disposal of Quoted Securities

There were 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 borrowings as at 31 March 2008 comprise: -

	RM'000
<u>Short Term Borrowings - Payable Within 12 Months</u>	
Hire purchase payables	622
Al-Bai Bithaman Ajil Notes - secured	128,042
	<u>128,664</u>
<u>Long Term Borrowings - Payable After 12 Months</u>	
Hire purchase payables	364
Advance	8,000
Al-Bai Bithaman Ajil Notes - secured	1,049,834
	<u>1,058,198</u>
Total group borrowings	<u>1,186,862</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

- 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. Through the solicitors, the two subsidiaries have filed their written submission as instructed by the Court and are awaiting the reply of submission from the plaintiff. 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 18 to 22 August 2008.

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008

B12. Dividends

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

B13. Basic Earnings Per Share

	Current quarter ended 31 Mar 08	Current year-to-date 31 Mar 08
	RM'000	RM'000
Attributable to ordinary equity holders of the parent Profit attributable to equity holders of the parent (RM'000)	<u><u>4,408</u></u>	<u><u>4,408</u></u>
Weighted average number of ordinary shares in issue ('000)	<u><u>223,509</u></u>	<u><u>223,509</u></u>
Basic earnings per ordinary share (Sen)	<u><u>1.97</u></u>	<u><u>1.97</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 28 May 2008.

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

Chua Siew Chuan
 Company Secretary

28 May 2008