

**ENCORP BERHAD**

**(506836-X)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2008**  
(Unaudited)

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**ENCORP BERHAD**

(Company No: 506836-X)

(Incorporated in Malaysia)

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

	← Unaudited → ← Individual Quarter →		← Unaudited →	← Audited →
	Current Quarter Ended 31 Dec 08 RM'000	Preceding Year Corresponding Quarter 31 Dec 07 RM'000	Current Year To Date 31 Dec 08 RM'000	Preceding Year Corresponding Period 31 Dec 07 RM'000
Revenue	81,345	57,875	287,634	328,711
Cost of Sales	<u>(27,664)</u>	<u>(19,643)</u>	<u>(93,447)</u>	<u>(82,710)</u>
Gross Profit	53,681	38,232	194,187	246,001
Other Income	2,058	2,682	6,353	5,787
Selling and Marketing Expenses	(292)	(670)	(979)	(1,791)
Administrative Expenses	(2,727)	(7,333)	(11,451)	(15,583)
Other Expenses	(3,154)	(2,358)	(11,359)	(13,023)
Finance Costs	<u>(26,048)</u>	<u>(26,726)</u>	<u>(104,197)</u>	<u>(110,067)</u>
Profit Before Tax	23,518	3,827	72,554	111,324
Income Tax Expense	<u>(6,552)</u>	<u>(2,532)</u>	<u>(19,431)</u>	<u>(33,821)</u>
Profit After Tax	<u>16,966</u>	<u>1,295</u>	<u>53,123</u>	<u>77,503</u>
Attributable To:				
Equity Holders of The Parent	11,585	192	36,823	69,301
Minority Interest	<u>5,381</u>	<u>1,103</u>	<u>16,300</u>	<u>8,202</u>
	<u>16,966</u>	<u>1,295</u>	<u>53,123</u>	<u>77,503</u>
Earnings Per Share Attributable To Equity Holders of The Parent (Sen):				
Basic, For Profit For The Period	<u>5.27</u>	<u>0.09</u>	<u>16.76</u>	<u>31.01</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 DECEMBER 2008**

	<b>Unaudited As At 31 Dec 08 RM'000</b>	<b>Audited As At 31 Dec 07 RM'000</b>
ASSETS		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	5,326	5,971
LAND HELD FOR PROPERTY DEVELOPMENT	67,683	51,568
GOODWILL ON CONSOLIDATION	130,377	140,879
CONCESSION INCOME RECEIVABLES	1,015,037	1,045,812
DEFERRED TAX ASSETS	32	151
<u>CURRENT ASSETS</u>		
Property Development Costs	102,459	91,776
Trade and Other Receivables	188,636	167,336
Tax Recoverable	951	993
Deposits, Cash and Bank Balances	185,379	235,595
	<u>477,425</u>	<u>495,700</u>
<b>TOTAL ASSETS</b>	<b><u>1,695,880</u></b>	<b><u>1,740,081</u></b>

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 BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	<b>Unaudited As At 31 Dec 08 RM'000</b>	<b>Audited As At 31 Dec 07 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
SHARE CAPITAL	223,509	223,509
TREASURY SHARES	(6,673)	-
SHARE PREMIUM	103,563	103,563
ACCUMULATED LOSS	(25,199)	(40,195)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<u>295,200</u>	<u>286,877</u>
MINORITY INTEREST	<u>23,139</u>	<u>6,839</u>
TOTAL EQUITY	318,339	293,716
<b><u>NON-CURRENT LIABILITIES</u></b>		
Trade Payables	74,215	74,215
Long Term Borrowings	1,064,252	1,088,095
Deferred Taxation	30,093	30,094
Hire Purchase Payables	445	759
	<u>1,169,005</u>	<u>1,193,163</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade and Other Payables	68,875	118,792
Short Term Borrowings	128,042	128,042
Hire Purchase Payables	315	301
Provision for Taxation	11,304	6,067
	<u>208,536</u>	<u>253,202</u>
TOTAL LIABILITIES	<u>1,377,541</u>	<u>1,446,365</u>
TOTAL EQUITY AND LIABILITIES	<u>1,695,880</u>	<u>1,740,081</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (RM)	<u>1.34</u>	<u>1.28</u>

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.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2008**

	Attributable to Equity Holders of the Parent					Minority Interest RM'000	Total Equity RM'000
	← Non - Distributable →			Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000		
At 1 January 2008	223,509	-	103,563	(40,195)	286,877	6,839	293,716
Profit for the period	-	-	-	36,823	36,823	16,300	53,123
Dividend paid	-	-	-	(21,827)	(21,827)	-	(21,827)
Purchase of treasury shares	-	(6,673)	-	-	(6,673)	-	(6,673)
At 31 December 2008	<u>223,509</u>	<u>(6,673)</u>	<u>103,563</u>	<u>(25,199)</u>	<u>295,200</u>	<u>23,139</u>	<u>318,339</u>
At 1 January 2007	223,509	-	103,563	(101,338)	225,734	1,856	227,590
Profit for the period	-	-	-	69,301	69,301	8,202	77,503
Dividends	-	-	-	(8,158)	(8,158)	(3,219)	(11,377)
At 31 December 2007	<u>223,509</u>	<u>-</u>	<u>103,563</u>	<u>(40,195)</u>	<u>286,877</u>	<u>6,839</u>	<u>293,716</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 QUARTER ENDED 31 DECEMBER 2008**

	← <b>Unaudited</b> <b>12 Months Ended</b> → <b>31 Dec 08</b> <b>RM'000</b>	<b>Audited</b> <b>31 Dec 07</b> <b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	72,554	111,324
Adjustments for:		
Depreciation	857	696
Loss/(Gain) on disposal of property, plant and equipment	31	(244)
Impairment of goodwill on consolidation	10,502	12,326
Provision for liquidated ascertained damages	-	316
Interest expenses	104,197	110,067
Interest income	(5,729)	(4,233)
Operating profit before working capital changes	182,412	230,252
Changes in working capital:		
Net changes in current assets	9,474	41,272
Net changes in current liabilities	(49,917)	2,713
Cash generated from operations	141,969	274,237
Income taxes paid	(15,350)	(9,774)
Interest paid	(40)	(27)
Tax refund	1,317	878
Net cash generated from operating activities	127,896	265,314
<b>Cash Flows From Investing Activities</b>		
Development costs	(10,683)	3,118
Purchase of treasury shares	(6,673)	-
Interest received	5,729	3,899
Proceeds from disposal of associate company	-	39,800
Proceeds from disposal of property, plant and equipment	167	252
Purchase of property, plant and equipment	(16,525)	(462)
Net cash (used in)/generated from investing activities	(27,985)	46,607

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 QUARTER ENDED 31 DECEMBER 2008**

	Unaudited ← 12 Months Ended → 31 Dec 08 RM'000	Audited 31 Dec 07 RM'000
<b>Cash Flows From Financing Activities</b>		
Redemption of ABBA Notes	(128,000)	(117,531)
Repayment of advances	-	(581)
Dividends paid	(21,827)	(11,377)
Placement of deposits pledged	(18,992)	(92,845)
Repayment of hire purchase	(300)	(283)
Net cash used in financing activities	<u>(169,119)</u>	<u>(222,617)</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(69,208)	89,304
<b>Cash and Cash Equivalents At Beginning of Period</b>	<u>108,448</u>	<u>19,144</u>
<b>Cash and Cash Equivalents At End of Period</b>	<u><b>39,240</b></u>	<u><b>108,448</b></u>
Cash and cash equivalents comprise the following: -		
Cash deposits placed with:		
- Licensed banks	12,157	111,675
- Licensed corporation	59,458	120,849
Cash and bank balances	<u>9,702</u>	<u>3,071</u>
	81,317	235,595
Investment in fixed income trust fund	104,062	-
Less: Bank balance and deposits pledged / designated	<u>(146,139)</u>	<u>(127,147)</u>
<b>Cash and Cash Equivalents At End of Period</b>	<u><b>39,240</b></u>	<u><b>108,448</b></u>

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 DECEMBER 2008**

**A. Explanatory Notes Pursuant to FRS 134: Interim Financial Reporting**

**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 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, resales and repayments of debt and equity securities for the current financial year ended 31 December 2008 except for the following: -

a) Repayment	<b>RM'000</b>
Tranches 1, 2 and 3 of Encorp Systembilt Sdn Bhd's ("ESSB") Al-Bai Bithaman Ajil Notes ("Baids")	<u>(128,000)</u>

Encorp Systembilt Sdn Bhd, a wholly owned subsidiary of Encorp Berhad, has issued four tranches of bonds with a total nominal value of RM2.75 billion. The net present value of the outstanding bonds as at 31 December 2008 is RM1.18 billion. The bonds are collateralised by the cash flows generated from the concession and do not have any recourse to other companies within the Group.

b) For the financial year ended 31 December 2008, the Group has repurchased 7,641,800 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM6.67 million at prices ranging from RM0.57 to RM1.00 per share. These shares have been retained as treasury shares of the Company.



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

**A7. Dividends Paid**

On 7 April 2008, dividends of 5% per ordinary share which comprised of a 4.73% single-tier tax exempt dividend and a 0.27% dividend less 26% Malaysian income tax in respect of the financial year ended 31 December 2007 were paid.

On 17 October 2008, the Company paid an interim single-tier tax exempt dividend of 5% in respect of the financial year ended 31 December 2008.

**A8. Segmental Reporting**

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

	<b>Investment Holding RM'000</b>	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Other * RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Segment Revenue</b>						
- External sales	-	170,262	-	117,372	-	287,634
- Inter-segment sales	4,440	-	29,668	-	(34,108)	-
Total revenue	4,440	170,262	29,668	117,372	(34,108)	<u>287,634</u>
<b>Results</b>						
Segment results						
- Segment results	(3,668)	74,058	(2,673)	113,439	(10,372)	170,784
- Interest expenses	(40)	-	-	(104,157)	-	(104,197)
- Interest income	1,725	1,021	-	3,221	-	5,967
- Income tax expense	1,317	(20,747)	(1)	-	-	(19,431)
Profit for the financial period						<u>53,123</u>
Profit attributable to:						
Equity holders of the parent						36,823
Minority interest						<u>16,300</u>
						<u>53,123</u>

\* 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 year under review.

**A10. Material Events Subsequent to the Balance Sheet Date**

Subsequent to the end of the current quarter, the Group has repurchased 824,000 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM554,000 at prices ranging from RM0.61 to RM0.72 per share. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 8,465,800.

**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.

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

**A12. Changes in Contingent Liabilities**

	<b>RM'000</b>
As at 31 December 2007	<u>35,411</u>
As at 31 December 2008	<u>6,064</u>

**B. Additional Information Required Pursuant to Bursa Securities Listing Requirements.**

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

The Group achieved a revenue of RM287.63 million for the current financial year ended 31 December 2008. The revenue is attributed to the sales from the property development and the annuity interest income arising from the completion and handover of the teachers' quarters.

The Group's profit before tax for the same financial year is RM72.55 million. It is mainly derived from the development projects in the subsidiaries and the teachers' quarters.

**B2. Comparison with Immediate Preceding Quarter**

For the current quarter under review, the Group recorded a profit before tax of RM23.52 million as compared to RM21.65 million in the immediate preceding quarter. The profits were derived from the revenue from the property development projects and the concession income.

The increase in profit in the current quarter as compared to the preceding quarter is due mainly to the increase in sales and progress of works on the property development projects.

**B3. Commentary on Prospects**

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. Revenue will be further derived from the development and the sale of the properties and construction contracts in subsidiary companies.

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

Not applicable for current quarter.

**B5. Income Tax Expense**

	<b>Current Quarter Ended 31 Dec 08 RM'000</b>	<b>Current Year-To-Date 31 Dec 08 RM'000</b>
Income tax	(6,347)	(19,312)
Deferred tax	<u>(205)</u>	<u>(119)</u>
	<u><u>(6,552)</u></u>	<u><u>(19,431)</u></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**  
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**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 outstanding corporate proposals.

**B9. Group Borrowings**

The Group borrowings as at 31 December 2008 comprise: -

	<b>RM'000</b>
<b><u>Short Term Borrowings - Payable Within 12 Months</u></b>	
Hire purchase payables	315
Al-Bai Bithaman Ajil Notes - secured	<u>128,042</u>
	<u>128,357</u>
<b><u>Long Term Borrowings - Payable After 12 Months</u></b>	
Hire purchase payables	445
Advance	8,000
Al-Bai Bithaman Ajil Notes - secured	<u>1,056,252</u>
	<u>1,064,697</u>
<b>Total group borrowings</b>	<b><u>1,193,054</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. The Court has on 22 February 2009 held that the Government of Malaysia is vicariously liable for the two subsidiaries in respect of the act of trespass. The Court awarded nominal damages to the third party to be paid by the Government of Malaysia. Each party to bear its own costs. The matter against the two subsidiaries has been resolved.
- 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 6 to 10 April 2009.

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
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**B12. Dividends**

No dividend has been proposed or declared for the current quarter.

**B13. Basic Earnings Per Share**

	<b>Current quarter ended 31 Dec 08</b>	<b>Current year-to-date 31 Dec 08</b>
	<u>RM'000</u>	<u>RM'000</u>
Attributable to ordinary equity holders of the parent Profit attributable to equity holders of the parent (RM'000)	<u><b>11,585</b></u>	<u><b>36,823</b></u>
Weighted average number of ordinary shares in issue ('000)	<u><b>219,642</b></u>	<u><b>219,642</b></u>
<b>Basic earnings per ordinary share (Sen)</b>	<u><b>5.27</b></u>	<u><b>16.76</b></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 25 February 2009.

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

**Chua Siew Chuan**  
**Lee Lay Hong**  
Company Secretaries

25 February 2009