

**ENCORP BERHAD**  
**(506836-X)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2009**  
(Unaudited)

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**CONDENSED CONSOLIDATED INCOME STATEMENTS  
 FOR THE QUARTER ENDED 30 JUNE 2009**

	← Unaudited →		← Unaudited →	
	← Individual Quarter →		← Cumulative Quarters →	
	Current Quarter Ended 30 Jun 09 RM'000	Preceding Year Corresponding Quarter 30 Jun 08 RM'000	Current Year To Date 30 Jun 09 RM'000	Preceding Year Corresponding Period 30 Jun 08 RM'000
Revenue	38,587	75,380	108,756	127,363
Cost of Sales	<u>(5,318)</u>	<u>(25,358)</u>	<u>(26,683)</u>	<u>(39,438)</u>
Gross Profit	33,269	50,022	82,073	87,925
Other Income	4,537	1,342	5,401	2,763
Selling and Marketing Expenses	(198)	(137)	(343)	(220)
Administrative Expenses	(2,724)	(3,066)	(5,542)	(5,846)
Other Expenses	(1,745)	(2,936)	(4,531)	(5,138)
Finance Costs	<u>(25,474)</u>	<u>(26,050)</u>	<u>(50,950)</u>	<u>(52,100)</u>
Profit Before Tax	7,665	19,175	26,108	27,384
Income Tax Expense	<u>(1,926)</u>	<u>(4,068)</u>	<u>(6,812)</u>	<u>(6,083)</u>
Profit After Tax	<u>5,739</u>	<u>15,107</u>	<u>19,296</u>	<u>21,301</u>
Attributable To:				
Equity Holders of The Parent	4,887	10,683	14,060	15,092
Minority Interest	<u>852</u>	<u>4,424</u>	<u>5,236</u>	<u>6,209</u>
	<u>5,739</u>	<u>15,107</u>	<u>19,296</u>	<u>21,301</u>
Earnings Per Share Attributable				
To Equity Holders of The Parent (Sen):				
Basic, For Profit For The Period	<u>2.28</u>	<u>4.80</u>	<u>6.55</u>	<u>6.78</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 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 JUNE 2009**

	<b>Unaudited As At 30 Jun 09 RM'000</b>	<b>Audited As At 31 Dec 08 RM'000</b>
<b>ASSETS</b>		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	5,103	5,325
LAND HELD FOR PROPERTY DEVELOPMENT	60,482	60,482
GOODWILL ON CONSOLIDATION	126,385	130,479
CONCESSION INCOME RECEIVABLES	1,004,812	1,026,426
DEFERRED TAX ASSETS	60	76
<u>CURRENT ASSETS</u>		
Property Development Costs	126,340	123,261
Inventory	393	393
Trade and Other Receivables	180,909	177,085
Tax Recoverable	935	935
Short term investment	112,093	104,300
Deposits, Cash and Bank Balances	71,737	81,316
	<u>492,407</u>	<u>487,290</u>
<b>TOTAL ASSETS</b>	<b><u>1,689,249</u></b>	<b><u>1,710,078</u></b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 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 JUNE 2009**

	<b>Unaudited As At 30 Jun 09 RM'000</b>	<b>Audited As At 31 Dec 08 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
SHARE CAPITAL	223,509	223,509
TREASURY SHARES	(8,133)	(6,673)
SHARE PREMIUM	103,563	103,563
ACCUMULATED LOSS	(11,405)	(25,465)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<u>307,534</u>	<u>294,934</u>
MINORITY INTEREST	<u>26,709</u>	<u>23,138</u>
TOTAL EQUITY	334,243	318,072
<b><u>NON-CURRENT LIABILITIES</u></b>		
Trade Payables	66,041	66,041
Long Term Borrowings	1,043,201	1,056,293
Deferred Taxation	31,058	30,094
Hire Purchase Payables	282	445
	<u>1,140,582</u>	<u>1,152,873</u>
<b><u>CURRENT LIABILITIES</u></b>		
Trade and Other Payables	67,500	93,052
Short Term Borrowings	136,042	136,000
Hire Purchase Payables	419	315
Provision for Taxation	10,463	9,766
	<u>214,424</u>	<u>239,133</u>
TOTAL LIABILITIES	<u>1,355,006</u>	<u>1,392,006</u>
TOTAL EQUITY AND LIABILITIES	<u>1,689,249</u>	<u>1,710,078</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (RM)	<u>1.43</u>	<u>1.34</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2009**

	Attributable to Equity Holders of the Parent				Total	Minority Interest	Total Equity
	Non - Distributable		Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Accumulated Losses RM'000			
At 1 January 2009	223,509	(6,673)	103,563	(25,465)	294,934	23,138	318,072
Profit for the period	-	-	-	14,060	14,060	5,236	19,296
Dividend paid	-	-	-	-	-	(1,665)	(1,665)
Purchase of treasury shares	-	(1,460)	-	-	(1,460)	-	(1,460)
At 30 June 2009	<u>223,509</u>	<u>(8,133)</u>	<u>103,563</u>	<u>(11,405)</u>	<u>307,534</u>	<u>26,709</u>	<u>334,243</u>
At 1 January 2008	223,509	-	103,563	(40,196)	286,876	6,838	293,714
Profit for the period	-	-	-	15,092	15,092	6,209	21,301
Dividends	-	-	-	(11,018)	(11,018)	-	(11,018)
Purchase of treasury shares	-	(4,535)	-	-	(4,535)	-	(4,535)
At 30 June 2008	<u>223,509</u>	<u>(4,535)</u>	<u>103,563</u>	<u>(36,122)</u>	<u>286,415</u>	<u>13,047</u>	<u>299,462</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 2008 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE QUARTER ENDED 30 JUNE 2009**

	← Unaudited → ← 6 Months Ended → 30 Jun 09 RM'000	30 Jun 08 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	26,108	27,384
Adjustments for:		
Depreciation	437	432
Impairment of goodwill on consolidation	4,094	4,707
Interest expenses	50,950	52,100
Interest income	(1,392)	(2,756)
Operating profit before working capital changes	80,197	81,867
Changes in working capital:		
Net changes in current assets	17,789	455
Net changes in current liabilities	(25,553)	(31,433)
Cash generated from operations	72,433	50,889
Income taxes paid	(5,133)	(6,104)
Interest paid	(16)	(22)
Tax refund	-	1,317
Net cash generated from operating activities	67,284	46,080
<b>Cash Flows From Investing Activities</b>		
Development costs	(3,079)	3,549
Purchase of treasury shares	(1,460)	(4,535)
Interest received	1,392	2,756
Purchase of property, plant and equipment	(215)	(74)
Net cash (used in)/generated from investing activities	(3,362)	1,696

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE QUARTER ENDED 30 JUNE 2009**

	← Unaudited →	
	← 6 Months Ended →	
	30 Jun 09	30 Jun 08
	RM'000	RM'000
<b>Cash Flows From Financing Activities</b>		
Redemption of ABBA Notes	(63,984)	(63,979)
Dividends paid	(1,665)	(11,018)
(Placement)/Release of deposits pledged	(9,847)	6,318
Repayment of hire purchase	(59)	(149)
Net cash used in financing activities	<u>(75,555)</u>	<u>(68,828)</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(11,633)	(21,052)
<b>Cash and Cash Equivalents At Beginning of Period</b>	<u>40,297</u>	<u>108,448</u>
<b>Cash and Cash Equivalents At End of Period</b>	<b><u>28,664</u></b>	<b><u>87,396</u></b>
Cash and cash equivalents comprise the following: -		
Cash deposits placed with:		
- Licensed banks	15,479	30,150
- Licensed corporation	50,583	118,463
Cash and bank balances	<u>5,675</u>	<u>9,813</u>
	71,737	158,426
Short term investments in Fixed Maturity Plan Funds	112,093	49,799
Less: Bank balance and deposits pledged / designated	<u>(155,166)</u>	<u>(120,829)</u>
<b>Cash and Cash Equivalents At End of Period</b>	<b><u>28,664</u></b>	<b><u>87,396</u></b>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 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 30 JUNE 2009**

**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 2008. 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 2008.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2008 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 2008 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 current quarter 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 quarter ended 30 June 2009 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>63,984</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 30 June 2009 is RM1.17 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 current quarter ended 30 June 2009, the Group has repurchased 823,500 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM640,000 at prices ranging from RM0.66 to RM0.92 per share. These shares have been retained as treasury shares of the Company.

**A7. Dividends Paid**

No dividends were paid during the current quarter ended 30 June 2009.



**ENCORP BERHAD (506836-X)  
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2009**

**A8. Segmental Reporting**

The Group's segment revenue and results are presented by industry segments for the current quarter ended 30 June 2009 as follows: -

<b>Segment Revenue</b>	<b>Investment Holding RM'000</b>	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Trading RM'000</b>	<b>Other * RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
- External sales	-	49,503	-	1,100	58,153	-	108,756
- Inter-segment sales	8,370	-	1,721	-	-	(10,091)	-
<b>Total revenue</b>	<b>8,370</b>	<b>49,503</b>	<b>1,721</b>	<b>1,100</b>	<b>58,153</b>	<b>(10,091)</b>	<b>108,756</b>
<b>Results</b>							
Segment results							
- Segment results	4,399	23,099	(3,180)	59	60,633	(9,344)	75,666
- Interest expenses	(16)	-	-	-	(50,934)	-	(50,950)
- Interest income	183	191	-	-	1,018	-	1,392
- Income tax expense	(1,365)	(5,837)	-	(10)	(965)	1,365	(6,812)
Profit for the financial period							<u>19,296</u>
Profit attributable to:							
Equity holders of the parent							14,060
Minority interest							<u>5,236</u>
							<u>19,296</u>

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

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2009**

**A9. Valuation of Property, Plant and Equipment**

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

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

Subsequent to the end of the current quarter, the Group has repurchased 173,000 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM153,000 at prices ranging from RM0.80 to RM0.92 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 9,857,300.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter under review, including business combination, acquisition or disposal of subsidiary and long-term investment, restructuring and discontinuing operation.

**A12. Changes in Contingent Liabilities**

	As at 30 Jun 09 RM'000	As at 31 Dec 08 RM'000
<b>Contingent liabilities:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	7,599	2,461

**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 RM108.76 million for the current financial period ended 30 June 2009. 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 period is RM26.11 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 RM7.67 million as compared to RM18.45 million in the immediate preceding quarter. The decrease in profit in the current quarter as compared to the preceding quarter is due mainly to the slower progress of works on the property development projects.

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2009**

**B3. Commentary on Prospects**

The completion 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.

However, in view of the prevailing economic conditions, the prospects of the second half of the year will be challenging.

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

Not applicable for current quarter.

**B5. Income Tax Expense**

	Current Quarter Ended 30 Jun 09 RM'000	Current Year-To-Date 30 Jun 09 RM'000
Income tax	(1,005)	(5,831)
Deferred tax	(921)	(981)
	<u>(1,926)</u>	<u>(6,812)</u>

The effective tax rate is lower than the statutory rate mainly due to the utilisation of the business losses in prior year.

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

Apart from the disposal of short term investments in Fixed Maturity Plan Funds, there were no other disposal of unquoted investments and/or properties for the current quarter under review.

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

There were no purchase and disposal of quoted securities for the current quarter under review.

**B8. Status of Corporate Proposals**

There were no outstanding corporate proposals.

**B9. Group Borrowings**

The Group borrowings as at 30 June 2009 comprise: -

	RM'000
<b><u>Short Term Borrowings - Payable Within 12 Months</u></b>	
Hire purchase payables	419
Advance	8,000
Al-Bai Bithaman Ajil Notes - secured	<u>128,042</u>
	<u>136,461</u>
<b><u>Long Term Borrowings - Payable After 12 Months</u></b>	
Hire purchase payables	282
Al-Bai Bithaman Ajil Notes - secured	<u>1,043,201</u>
	<u>1,043,483</u>
<b>Total group borrowings</b>	<u><u>1,179,944</u></u>

**ENCORP BERHAD (506836-X)**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2009**

**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 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 2 to 6 November 2009.

**B12. Dividends**

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

**B13. Basic Earnings Per Share**

	<b>Current quarter ended 30 Jun 09</b>	<b>Current year-to-date 30 Jun 09</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>4,887</u>	<u>14,060</u>
Weighted average number of ordinary shares in issue ('000)	<u>214,642</u>	<u>214,642</u>
<b>Basic earnings per ordinary share (Sen)</b>	<u><b>2.28</b></u>	<u><b>6.55</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 19 August 2009.

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

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

19 August 2009