

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

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009
(Unaudited)

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**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE QUARTER ENDED 31 DECEMBER 2009**

	← Unaudited →		Unaudited	Audited
	← Individual Quarter →		← Cumulative Quarters →	
	Current Quarter Ended	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
	RM'000	RM'000	RM'000	RM'000
Revenue	75,685	81,221	234,904	287,510
Cost of Sales	<u>(41,588)</u>	<u>(28,580)</u>	<u>(85,203)</u>	<u>(94,363)</u>
Gross Profit	34,097	52,641	149,701	193,147
Other Income	1,184	2,134	9,592	6,428
Selling and Marketing Expenses	(346)	(265)	(816)	(952)
Administrative Expenses	(3,589)	(3,724)	(12,897)	(12,446)
Other Expenses	(1,980)	(3,052)	(8,301)	(11,258)
Finance Costs	<u>(25,475)</u>	<u>(26,048)</u>	<u>(101,899)</u>	<u>(104,197)</u>
Profit Before Tax	3,891	21,686	35,380	70,722
Income Tax Expense	<u>(921)</u>	<u>(4,986)</u>	<u>(8,597)</u>	<u>(17,864)</u>
Profit After Tax	<u>2,970</u>	<u>16,700</u>	<u>26,783</u>	<u>52,858</u>
Attributable To:				
Equity Holders of The Parent	2,256	11,319	20,414	36,559
Minority Interest	<u>714</u>	<u>5,381</u>	<u>6,369</u>	<u>16,299</u>
	<u>2,970</u>	<u>16,700</u>	<u>26,783</u>	<u>52,858</u>
Earnings Per Share Attributable				
To Equity Holders of The Parent (Sen):				
Basic, For Profit For The Period	<u>1.05</u>	<u>5.15</u>	<u>9.54</u>	<u>16.64</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 31 DECEMBER 2009**

	Unaudited As At 31 Dec 09 RM'000	Audited As At 31 Dec 08 RM'000
ASSETS		
<u>NON-CURRENT ASSETS</u>		
PROPERTY, PLANT AND EQUIPMENT	6,953	5,325
LAND HELD FOR PROPERTY DEVELOPMENT	32,062	60,482
GOODWILL ON CONSOLIDATION	123,156	130,479
CONCESSION INCOME RECEIVABLES	1,005,019	1,026,426
DEFERRED TAX ASSETS	2,735	76
<u>CURRENT ASSETS</u>		
Property Development Costs	174,042	123,261
Inventory	416	393
Trade and Other Receivables	236,220	177,085
Tax Recoverable	843	935
Short term investment	86,371	104,300
Deposits, Cash and Bank Balances	36,063	81,316
	533,955	487,290
TOTAL ASSETS	1,703,880	1,710,078

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 31 DECEMBER 2009**

	Unaudited As At 31 Dec 09 RM'000	Audited As At 31 Dec 08 RM'000
EQUITY AND LIABILITIES		
SHARE CAPITAL	223,509	223,509
TREASURY SHARES	(8,664)	(6,673)
SHARE PREMIUM	103,563	103,563
RETAINED EARNINGS / (ACCUMULATED LOSS)	(5,051)	(25,465)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	313,357	294,934
MINORITY INTEREST	27,842	23,138
TOTAL EQUITY	341,199	318,072
<u>NON-CURRENT LIABILITIES</u>		
Trade Payables	66,041	66,041
Long Term Borrowings	1,030,076	1,056,293
Deferred Taxation	31,058	30,094
Hire Purchase Payables	165	445
	1,127,340	1,152,873
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	96,666	93,052
Short Term Borrowings	136,000	136,000
Hire Purchase Payables	274	315
Provision for Taxation	2,401	9,766
	235,341	239,133
TOTAL LIABILITIES	1,362,681	1,392,006
TOTAL EQUITY AND LIABILITIES	1,703,880	1,710,078
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (RM)	1.46	1.34

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 31 DECEMBER 2009**

	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	Losses RM'000	Total RM'000		
Financial year ended 31 December 2009							
At 1 January 2009	223,509	(6,673)	103,563	(25,465)	294,934	23,138	318,072
Profit for the year	-	-	-	20,414	20,414	6,369	26,783
Dividend paid	-	-	-	-	-	(1,665)	(1,665)
Purchase of treasury shares	-	(1,991)	-	-	(1,991)	-	(1,991)
At 31 December 2009	<u>223,509</u>	<u>(8,664)</u>	<u>103,563</u>	<u>(5,051)</u>	<u>313,357</u>	<u>27,842</u>	<u>341,199</u>
Financial year ended 31 December 2008							
At 1 January 2008	223,509	-	103,563	(40,196)	286,876	6,838	293,714
Profit for the year	-	-	-	36,559	36,559	16,299	52,858
Dividends	-	-	-	(21,828)	(21,828)	-	(21,828)
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>(25,465)</u>	<u>294,934</u>	<u>23,137</u>	<u>318,071</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 31 DECEMBER 2009**

	← Unaudited Year Ended 31 Dec 09 RM'000	Audited → 31 Dec 08 RM'000
Cash Flows From Operating Activities		
Profit before taxation	35,380	70,722
Adjustments for:		
Depreciation	978	858
Gain on disposal of property, plant and equipment	-	30
Impairment of goodwill on consolidation	7,323	10,400
Provision for liquidated ascertained damages	-	58
Interest expenses	101,899	104,197
Interest income	(2,796)	(3,477)
Gain on disposal of short term investment	-	(2,564)
Writeback of provision for short term accumulating compensated absences	-	(12)
	142,784	180,212
Operating profit before working capital changes		
Changes in working capital:		
Net changes in current assets	(37,754)	2,095
Net changes in current liabilities	3,618	(38,948)
	108,648	143,359
Cash generated from operations		
Income taxes paid	(17,565)	(14,032)
Interest paid	(32)	(40)
	91,051	129,287
Net cash generated from operating activities		
Cash Flows From Investing Activities		
Development costs	(22,362)	(12,416)
Interest received	2,796	3,743
Gain on disposal of short term funds	-	2,564
Proceeds from disposal of property, plant and equipment	-	119
Purchase of land held for property development	-	(16,115)
Purchase of property, plant and equipment	(2,606)	(361)
	(22,172)	(22,466)
Net cash used in investing activities		

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 31 DECEMBER 2009**

	← Unaudited Year Ended 31 Dec 09 RM'000	Audited → 31 Dec 08 RM'000
Cash Flows From Financing Activities		
Redemption of ABBA Notes	(128,084)	(128,000)
Dividends paid	(1,665)	(21,826)
Purchase of treasury shares	(1,991)	(6,673)
Release/(Placement) of deposits pledged	30,371	(18,334)
Repayment of hire purchase	(321)	(301)
Net cash used in financing activities	<u>(101,690)</u>	<u>(175,134)</u>
Net Decrease in Cash and Cash Equivalents	(32,811)	(68,313)
Cash and Cash Equivalents At Beginning of Year	<u>40,135</u>	<u>108,448</u>
Cash and Cash Equivalents At End of Year	<u>7,324</u>	<u>40,135</u>
Cash and cash equivalents comprise the following: -		
Cash deposits placed with:		
- Licensed banks	15,155	18,212
- Licensed corporation	12,736	53,386
Cash and bank balances	<u>8,172</u>	<u>9,718</u>
	36,063	81,316
Short term investments in Fixed Maturity Plan Funds	86,371	104,300
Less: Bank balance and deposits pledged / designated	<u>(115,110)</u>	<u>(145,481)</u>
Cash and Cash Equivalents At End of Year	<u>7,324</u>	<u>40,135</u>

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 31 DECEMBER 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 31 December 2009 except for the following: -

a) Repayment	RM'000
Tranches 1, 2 and 3 of Encorp Systembilt Sdn Bhd's ("ESSB") Al-Bai Bithaman Ajil Notes ("Baids")	<u>128,084</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 2009 is RM1.16 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 31 December 2009, the Group has repurchased 264,200 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM243,000 at prices ranging from RM0.90 to RM0.93 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 31 December 2009.

**ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2009**

A8. Segmental Reporting

The Group's segment revenue and results are presented by industry segments for the current quarter ended 31 December 2009 as follows: -

Segment Revenue	Investment Holding RM'000	Property Development RM'000	Construction RM'000	Trading RM'000	Concession Income RM'000	Elimination RM'000	Consolidated RM'000
- External sales	-	71,076	43,043	5,442	115,343	-	234,904
- Inter-segment sales	11,340	-	1,951	-	-	(13,291)	-
Total revenue	11,340	71,076	44,994	5,442	115,343	(13,291)	234,904
Results							
- Segment results	2,209	28,432	194	(81)	116,302	(12,573)	134,483
- Interest expenses	(32)	-	-	-	(101,867)	-	(101,899)
- Interest income	280	303	121	-	2,092	-	2,796
Profit before tax	2,457	28,735	315	(81)	16,527	(12,573)	35,380
- Income tax expense	(1,490)	(7,507)	-	-	(965)	1,365	(8,597)
Profit after tax							<u>26,783</u>

Profit attributable to:
Equity holders of the parent
Minority interest

20,414
6,369
26,783

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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 95,000 ordinary shares of RM1.00 each from the open market for a total cost of approximately RM95,000 at prices ranging from RM0.99 to RM1.00 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 10,358,000.

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 31 Dec 09 RM'000	As at 31 Dec 08 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	8,599	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 RM234.90 million for the current financial year ended 31 December 2009. The revenue is attributed to the sales from the property development, contract revenue 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 RM35.38 million. It is mainly derived from the development projects in the subsidiaries and the concession income from the teachers' quarters.

B2. Comparison with Immediate Preceding Quarter

For the current quarter under review, the Group recorded a profit before tax of RM3.89 million as compared to RM5.38 million in the immediate preceding quarter. The decrease in the profit before tax is due to the completion and handover of the property development projects, whilst revenue from new property projects at the early stages of development are not recognised during the quarter.

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

During the quarter under review, the Group's results reflect the challenging business operating environment. However, with the sign of recovery from both the global and domestic financial crisis and a track record of good appreciation in value of its project property, the Group expects its up-coming launches of residential and commercial property development projects will continue to contribute positively to the Group's earnings.

B4. Variance from Forecast Profit and Profit Guarantee

Not applicable for current quarter.

B5. Income Tax Expense

	Current Quarter Ended 31 Dec 09 RM'000	Current Year Ended 31 Dec 09 RM'000
Income tax	(678)	(6,902)
Deferred tax	(243)	(1,695)
	<u>(921)</u>	<u>(8,597)</u>

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

B6. Disposal of Unquoted Investments and/or Properties

Except for 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 31 December 2009 comprise of: -

	RM'000
<u>Short Term Borrowings - Payable Within 12 Months</u>	
Hire purchase payables	274
Advance	8,000
Al-Bai Bithaman Ajil Notes - secured	<u>128,000</u>
	<u>136,274</u>
<u>Long Term Borrowings - Payable After 12 Months</u>	
Hire purchase payables	165
Al-Bai Bithaman Ajil Notes - secured	<u>1,030,076</u>
	<u>1,030,241</u>
Total group borrowings	<u>1,166,515</u>

ENCORP BERHAD (506836-X)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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 8 to 12 March 2010.

B12. Proposed Dividends

The Board of Directors has recommended a single tier final dividend of 5% per ordinary share in respect of the financial year ended 31 December 2009, subject to the approval of the shareholders at the Company's forthcoming Annual General Meeting.

B13. Basic Earnings Per Share

	Current quarter ended 31 Dec 09	Current year ended 31 Dec 09
	RM'000	RM'000
Attributable to ordinary equity holders of the parent		
Profit attributable to equity holders of the parent (RM'000)	<u>2,256</u>	<u>20,414</u>
Weighted average number of ordinary shares in issue ('000)	<u>214,051</u>	<u>214,051</u>
Basic earnings per ordinary share (Sen)	<u>1.05</u>	<u>9.54</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 2010.

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

Lee Lay Hong
Company Secretary

25 February 2010