



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE
ENDED 30 SEPTEMBER 2011
(UNAUDITED)**

ENCORP BERHAD (506836-X)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

	Quarter ended		Year-to-date ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	RM'000	RM'000	RM'000	RM'000
Revenue	55,092	64,691	194,158	176,479
Cost of sales	(13,767)	(23,157)	(85,900)	(71,625)
Gross profit	41,325	41,534	108,258	104,854
Other income	1,197	903	4,423	2,750
Marketing and distribution	(1,835)	(339)	(3,459)	(1,044)
Administrative expenses	(9,306)	(6,147)	(23,273)	(15,205)
Other expenses	(2,174)	(1,833)	(5,981)	(5,311)
Finance costs	(24,353)	(25,109)	(74,988)	(74,989)
Profit before tax	4,854	9,009	4,980	11,055
Income tax expense	(2,196)	(2,138)	(3,035)	(2,409)
Profit net of tax	2,658	6,871	1,945	8,646
Other comprehensive income, net of tax				
Foreign currency translation	(196)	885	-	885
Total comprehensive income for the period	2,462	7,756	1,945	9,531
Profit attributable to:				
Owners of the parent	1,321	4,653	207	5,878
Minority interests	1,337	2,218	1,738	2,768
	2,658	6,871	1,945	8,646
Total comprehensive income attributable to:				
Owners of the parent	1,125	5,538	207	6,763
Minority interests	1,337	2,218	1,738	2,768
	2,462	7,756	1,945	9,531
Earning per share attributable to owner of the parent (sen)				
Basic EPS	0.61	2.16	0.09	2.72
Diluted EPS	0.59	-	0.35	-

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD (506836-X)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011**

	As at 30.09.2011	As at 31.12.2010
	<i>Unaudited</i>	<i>Audited</i>
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	11,386	6,505
Intangible assets	113,415	118,580
Land held for property development	32,062	32,062
Trade receivables	1,061,346	1,091,986
Deferred tax assets	946	594
	<u>1,219,155</u>	<u>1,249,727</u>
Current assets		
Property development cost	224,569	174,553
Inventories	35,012	35,012
Tax recoverable	3,350	4,021
Trade and other receivables	104,717	156,502
Short term investment	121,174	95,815
Cash and bank balances	24,882	39,097
Non-current assets held for sale	-	2,949
	<u>513,704</u>	<u>507,949</u>
Total assets	<u>1,732,859</u>	<u>1,757,676</u>

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011 (contd.)**

	As at 30.09.2011 <i>Unaudited</i> RM'000	As at 31.12.2010 <i>Audited</i> RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	169,039	202,474
Loans and borrowings	44,952	62,160
Income tax payables	2,728	2,722
	<u>216,719</u>	<u>267,356</u>
Non-current liabilities		
Trade payables	21,953	29,438
Loans and borrowings	1,138,574	1,113,745
Deferred tax liabilities	4,178	870
	<u>1,164,705</u>	<u>1,144,053</u>
Total liabilities	<u>1,381,424</u>	<u>1,411,409</u>
Equity attributable to equity of holders of the company		
Share capital	223,509	223,509
Treasury shares	(4,559)	(4,559)
Share premium	102,436	104,574
Other reserve	7,075	1,715
Accumulated losses	(5,488)	(5,695)
	<u>322,973</u>	<u>319,544</u>
Minority interest	28,462	26,723
Total equity	<u>351,435</u>	<u>346,267</u>
Total equity and liabilities	<u>1,732,859</u>	<u>1,757,676</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

RM'000	← Non-distributable →					Distributable				
	Share capital	Share premium	Treasury shares	Warrants reserves	Equity component of RCCLS	Foreign currency translation reserve	Accumulated losses	Total	Minority interest	Total equity
At 1 January 2011	223,509	104,574	(4,559)	-	-	1,715	(5,695)	319,544	26,724	346,268
Total comprehensive income for the period	-	-	-	-	-	(196)	207	11	1,738	1,749
Transaction with owners:										
Issuance of RCCLS	-	-	-	4,772	784	-	-	5,556	-	5,556
Right issue expense	-	(2,138)	-	-	-	-	-	(2,138)	-	(2,138)
	-	(2,138)	-	4,772	784	-	-	3,418	-	3,418
At 30 SEPTEMBER 2011	223,509	102,436	(4,559)	4,772	784	1,519	(5,488)	322,973	28,462	351,435
At 1 January 2010	223,509	103,563	(8,664)	-	-	-	(4,980)	313,428	27,881	341,309
Effects of adopting FRS 139	-	-	-	-	-	-	2,705	2,705	-	2,705
	223,509	103,563	(8,664)	-	-	-	(2,275)	316,133	27,881	344,014
Total comprehensive income for the period	-	-	-	-	-	885	5,878	6,763	2,768	9,531
Dividend paid	-	-	-	-	-	-	(10,906)	(10,906)	(4,725)	(15,631)
Transaction with owners:										
Purchase of treasury shares	-	-	(163)	-	-	-	-	(163)	-	(163)
Own shares sold	-	1,009	4,268	-	-	-	-	5,277	-	5,277
At 31 SEPTEMBER 2010	223,509	104,572	(4,559)	-	-	885	(7,303)	317,104	25,924	343,028

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

	Year-to-date ended	
	30.09.2011	30.09.2010
	<i>Unaudited</i>	<i>Unaudited</i>
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	4,980	11,055
Adjustments:		
Depreciation	805	861
Amortisation of intangible assets	258	-
Impairment of goodwill on consolidation	4,917	4,450
Gain on disposal of property, plant and equipment	(956)	-
Interest expenses	76,138	74,989
Interest income	(3,339)	(2,227)
	<hr/>	<hr/>
Operating profit before working capital changes	82,803	89,128
Changes in working capital:		
Net changes in current assets	82,136	83,646
Net changes in current liabilities	(39,806)	(3,520)
Net changes in property development cost	(50,017)	(18,389)
	<hr/>	<hr/>
Cash generated from operations	75,116	150,865
Income tax paid	(1,925)	(3,808)
Tax refund	672	-
Interest paid	(1,902)	(223)
	<hr/>	<hr/>
Net cash generated from operating activities	71,961	146,834
Cash flows from investing activities		
Interest received	3,339	2,227
Proceeds from disposal of property, plant and equipment	4,027	-
Purchase of land held for development	-	(15,672)
Purchase of property, plant and equipment	(4,439)	(638)
Purchase of intangible assets	(11)	-
	<hr/>	<hr/>
Net cash generated from/ (used in) investing activities	2,916	(14,083)

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (contd.)**

	Year-to-date ended	
	30.09.2011	30.09.2010
	<i>Unaudited</i>	<i>Unaudited</i>
	RM'000	RM'000
Cash flows from financing activities		
Redemption of ABBA Notes	(120,279)	(120,279)
Payment of RCSLS Coupon	(1,971)	-
Proceeds from RCSLS	65,706	-
Right issue expense	(2,140)	-
Net proceeds from term loans	17,292	13,405
Proceeds from revolving credit	-	2,875
Purchase of treasury shares	-	(163)
Proceeds from sale of treasury shares	-	5,277
Dividends paid	-	(15,631)
Placement of deposits pledged	(8,156)	(17,406)
Repayment of bridging loan	(20,000)	-
Repayment of revolving credit	(500)	-
Repayment of advances from contractor	(900)	-
Repayment of hire purchase and finance lease	(747)	(449)
Net cash used in financing activities	(71,695)	(132,371)
Net increase in cash and cash equivalents	3,182	380
Effect of exchange rate changes	(195)	-
Cash and cash equivalents at beginning of period	10,779	7,945
Cash and cash equivalents at end of period	13,766	8,325
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	10,365	5,038
- Licensed corporation	990	6,717
Cash and bank balances	13,843	7,184
Bank overdrafts	(316)	(175)
	24,882	18,764
Short term investments in Fixed Maturity Funds	121,174	121,315
Less: Bank balances and deposits pledged / designated	(132,290)	(131,754)
Cash and cash equivalents at end of period	13,766	8,325

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 the Group since the year ended 31 December 2010.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011.

a) Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combination (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

A2. Significant accounting policies (contd.)

a) Adoption of FRSs, Amendments to FRSs and IC Interpretations (contd.)

Amendments to FRS 1, FRS 3, FRS 7, FRS 101 FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements fo FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance, position or presentation of financial of the Group.

b) FRS, IC Interpretations and Amendments to IC Interpretation but not yet effective

At the date of authorisation of these interim financial statements, the following FRS, IC Interpretations and Amendments to IC Interpretation were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretation		Effective for annual periods beginning on or after
FRS 124	Related Party Disclosure	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2010 were not subject to any qualification.

A4. Comments about seasonal or cyclical factors

The Group's performance is not affected by any seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period.

A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resales and repayments of debt and equity securities for the financial period ended 30 September 2011 except for the followings:

a) Repayment of Al-Bai Bithaman Ajil Notes ("ABBA Notes")	RM'000
Encorp Systembilt Sdn Bhd's ("ESSB") ABBA Notes	<u>120,279</u>

The ABBA Notes were issued by a subsidiary company, ESSB, to finance the planning, design construction and completion costs of 10,000 units of teachers' quarters for the Government of Malaysia. All ABBA Notes are secured by the assignment of the contract Concession Payments and the Project Escrow Account, and a negative pledge on all assets of ESSB. ESSB is a special purpose vehicle and these ABBA notes raised do not have any financial recourse to the Group.

b) Treasury shares

As at the date of this report, the total number of treasury shares held was 5,386,000.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

A6. Debt and equity securities (contd.)

c) Increase in authorised share capital

Pursuant to EGM held on 12 January 2011, the authorised share capital of the Company was increased from RM300,000,000 comprising 300,000,000 Encorp Shares to RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each by the creation of an additional 200,000,000 ordinary shares of RM1 each. Such additional shares when issued shall rank pari passu in all respects with the existing Encorp Shares.

d) 5-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") with free detachable warrants ("Warrants")

The Company has issued 65,706,060 RCSLS and 32,853,030 Warrants pursuant to the Proposed Rights Issue and Placement announced on 9 July 2010. Both RCSLS and Warrants are admitted to the Official List of Bursa and the listing and quotation of the aforesaid securities on the Main Market of Bursa on 23 March 2011.

A7. Dividends paid

No dividends were paid during the financial period ended 30 September 2011.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 30 September 2011 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Construction RM'000	Property development RM'000	Trading RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External customers	-	83,214	65,972	38,520	6,452	-	194,158
Inter-segment	12,151	-	57,644	854	8,306	(78,955)	-
Total Revenue	12,151	83,214	123,616	39,374	14,758	(78,955)	194,158
Results:							
Segment results	(2,760)	81,619	707	8,090	(32)	(5,134)	82,490
Interest income	293	2,838	54	151	3	-	3,339
Interest expense	(1,606)	(72,996)	(14)	(371)	(2)	-	(74,989)
Depreciation and amortisation	(702)	-	(135)	(90)	(16)	-	(943)
Impairment of goodwill on consolidation	-	-	-	-	-	(4,917)	(4,917)
(Loss)/ Profit before tax	(4,775)	11,461	612	7,780	(47)	(10,051)	4,980

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

A9. Valuation of property, plant and equipment

There were no valuation for property, plant and equipment of the Group during the financial period ended 30 September 2011.

A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the financial period ended 30 September 2011 up to the date of this report.

A11. Changes in the composition of the Group

- a. Must Ehsan Development Sdn. Bhd., a 70%-owned subsidiary of Encorp Must Sdn. Bhd., which in turn is a wholly-owned subsidiary of Encorp, has on 29 July 2011 acquired the entire issued and paid-up share capital of Etika Maksima Sdn. Bhd., a private limited company incorporated in Malaysia on 17 January 2011, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for a cash consideration of RM2.00.

Subsequently on 6 September 2011, Etika Maksima Sdn Bhd has changed its name to Red Carpet Avenue Sdn. Bhd. ("RCASB").

- b. RCASB had, on 23 August 2011, subscribed for 60 ordinary shares of RM1.00 each representing 60% of the issued and paid-up share capital of Etika Tranquerah Sdn. Bhd. for a total cash consideration of RM60.00 only.
- c. RCASB had, on 25 August 2011, subscribed for 50 ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of Etika Tapis Sdn. Bhd. for a total cash consideration of RM50.00 only.
- d. RCASB had, on 26 August 2011, subscribed for 50 ordinary shares of RM1.00 each representing 50% of the issued and paid-up share capital of Red Carpet Culinary Sdn. Bhd. for a total cash consideration of RM50.00 only.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011****A12. Changes in contingent liabilities**

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	39,214	29,636
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	133	809
	<u>39,347</u>	<u>30,445</u>

A13. Capital commitments

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Capital expenditure		
Approved and contracted for: Land held for property development	<u>23,301</u>	<u>23,301</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA**

B1. Performance review

3Q11 vs. 3Q10

The Group's revenue for the quarter ended 30 September 2011 (3Q11) decreased by RM9,599,000 or 15% to RM55,092,000 from RM64,691,000 for the quarter ended 30 September 2010 (2Q10).

The Group recorded a profit before tax of RM4,854,000 in 3Q11 as compared to RM9,009,000 profit before tax for 3Q10. The decrease in profit was mainly due to the increase in marketing, distribution and administrative expenses incurred as a result of increase in activities within the Group.

B2. Comparison with Immediate Preceding Quarter

The Group recorded a profit before tax of RM4,854,000 for 3Q11 as compared to the profit before tax of RM485,000 in the immediate preceding quarter. The increase in the profit before tax is due to the improvement in the performance from property development division.

B3. Commentary on prospects

The completion of the teachers' quarters project has provided the Group with a constant stream of income up to year 2028. Revenue will be further derived from the development and sales of properties and construction contracts in subsidiary companies.

Barring any unforeseen circumstances, the Group expects improvement in performance for the current financial year from its on-going residential and commercial property development projects.

B4. Variance from forecast profit and profit guarantee

Not applicable for the financial period ended 30 September 2011.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B5. Income tax expense

	Quarter ended		Year-to-date ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Income tax	(2,384)	226	(4,843)	(425)
Deferred tax	188	(2,364)	1,808	(1,984)
	<u>(2,196)</u>	<u>(2,138)</u>	<u>(3,035)</u>	<u>(2,409)</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

For the previous corresponding quarter, the effective tax rate of the Group is lower than the statutory tax rate of that year mainly due to the utilisation of the tax losses.

B6. Disposal of unquoted investments and properties

There were no other disposal of unquoted investments and/or properties for the financial period ended 30 September 2011 except for the followings:

- a) short term investments in Fixed Maturity Plan Funds; and
- b) leasehold property located at Level 18, Wisma SunwayMas, No. 1 Jalan Tengku Ampuan Zabedah, C9/C, Section 9, 40100 Shah Alam to a third party for a total consideration of RM3,908,050.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial period ended 30 September 2011.

B8. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	As at 30.09.2011 RM'000
Current	
ABBA Notes	30,672
Term loan	2,222
Advances	7,100
Obligations under finance leases and hire purchases	1,337
RCCLS - liability component	3,621
	<u>44,952</u>
	As at 30.09.2011 RM'000
Non-current	
ABBA Notes	1,051,852
Term loan	30,921
Obligations under finance leases and hire purchases	1,123
RCCLS - liability component	54,678
	<u>1,138,574</u>
Total Group's loans and borrowings	<u>1,183,526</u>

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments entered into by the Group as at 30 September 2011 up to the date of this report.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011****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 hearing for the arbitration proceeding is completed. The parties are awaiting for the Arbitrator to deliver its decision.

B12. Proposed dividends

The Board of Directors do not recommend any dividend for the quarter ended 30 September 2011.

B13. Retained Earnings

	As at 30.09.2011 RM'000	As at 31.12.2010 RM'000
Group		
Realised	164,281	148,416
Unrealised	<u>(4,161)</u>	<u>(307)</u>
	160,120	148,109
Consolidation adjustments	<u>(165,608)</u>	<u>(153,804)</u>
Total retained earnings	<u>(5,488)</u>	<u>(5,695)</u>

ENCORP BERHAD (506836-X)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011****B14. Earnings per share**

a) Basic EPS

	Quarter ended		Year-to-date ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent	1,321	4,653	207	5,878
Weighted average number of ordinary shares in issue	218,123	215,851	218,123	215,851
Basic EPS (sen)	0.61	2.16	0.09	2.72

b) Diluted EPS

	Quarter ended		Year-to-date ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent	1,321	-	207	-
Effect on earnings upon conversion of RCCLS	357	-	793	-
	1,678	-	1,000	-
Weighted average number of ordinary shares in issue	218,123	-	218,123	-
Effect of dilution	65,706	-	65,706	-
Adjusted weighted average number of ordinary shares in issue and issuable	283,829	-	283,829	-
Diluted EPS (sen)	0.59	-	0.35	-

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011**

B15. 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 16 November 2011.

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

Lee Lay Hong
Company Secretary

16 November 2011