



**INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE  
ENDED 31 DECEMBER 2011  
(UNAUDITED)**

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011**

	Quarter ended		Year-to-date ended	
	31.12.2011 <i>Unaudited</i> RM'000	31.12.2010 <i>Unaudited</i> RM'000	31.12.2011 <i>Unaudited</i> RM'000	31.12.2010 <i>Audited</i> RM'000
Revenue	90,699	93,233	284,857	269,712
Cost of sales	(44,303)	(55,549)	(130,203)	(127,174)
Gross profit	46,396	37,684	154,654	142,538
Other income	3,602	1,746	8,025	4,496
Marketing and distribution	(7,822)	(1,246)	(11,281)	(2,290)
Administrative expenses	(3,925)	(6,833)	(27,197)	(22,038)
Other expenses	(2,812)	(2,135)	(8,793)	(7,446)
Finance costs	(28,120)	(26,620)	(103,108)	(101,609)
Profit before tax	7,319	2,596	12,300	13,651
Income tax expense	20,597	(188)	17,562	(2,597)
Profit net of tax	27,916	2,408	29,862	11,054
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation	(173)	830	(369)	1,715
<b>Total comprehensive income for the period</b>	<b>27,743</b>	<b>3,238</b>	<b>29,493</b>	<b>12,769</b>
<b>Profit attributable to:</b>				
Owners of the parent	25,051	1,608	25,258	7,486
Minority interests	2,865	800	4,604	3,568
	27,916	2,408	29,862	11,054
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	24,878	2,438	24,889	9,201
Minority interests	2,865	800	4,604	3,568
	27,743	3,238	29,493	12,769
<b>Earning per share attributable to owner of the parent (sen)</b>				
Basic EPS	11.48	0.74	11.58	3.46
Diluted EPS	9.81	N/A	10.34	N/A

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 31 DECEMBER 2011**

	<b>As at 31.12.2011 <i>Unaudited</i> RM'000</b>	<b>As at 31.12.2010 <i>Audited</i> RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9,528	6,505
Intangible assets	111,067	118,580
Land held for property development	32,062	32,062
Trade receivables	1,054,566	1,091,986
Deferred tax assets	962	594
	<u>1,208,185</u>	<u>1,249,727</u>
<b>Current assets</b>		
Property development cost	221,285	174,553
Inventories	42,847	35,012
Tax recoverable	2,768	4,021
Trade and other receivables	139,706	156,502
Short term investment	118,074	95,815
Cash and bank balances	28,207	39,097
Non-current assets held for sale	-	2,949
	<u>552,887</u>	<u>507,949</u>
<b>Total assets</b>	<u>1,761,072</u>	<u>1,757,676</u>

**ENCORP BERHAD** (506836-X)  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011 (contd.)**

	<b>As at 31.12.2011 <i>Unaudited</i> RM'000</b>	<b>As at 31.12.2010 <i>Audited</i> RM'000</b>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	109,718	202,474
Loans and borrowings	40,948	62,160
Income tax payables	3,709	2,722
	<u>154,375</u>	<u>267,356</u>
<b>Non-current liabilities</b>		
Trade payables	27,616	29,438
Loans and borrowings	1,191,368	1,113,745
Deferred tax liabilities	8,534	870
	<u>1,227,518</u>	<u>1,144,053</u>
<b>Total liabilities</b>	<u>1,381,893</u>	<u>1,411,409</u>
<b>Equity attributable to owners of parent</b>		
Share capital	223,509	223,509
Treasury shares	(4,559)	(4,559)
Share premium	102,436	104,574
Other reserve	6,902	1,715
Retained profit / (Accumulated losses)	19,563	(5,695)
	<u>347,851</u>	<u>319,544</u>
Minority interest	31,328	26,723
<b>Total equity</b>	<u>379,179</u>	<u>346,267</u>
<b>Total equity and liabilities</b>	<u>1,761,072</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.

**ENCORP BERHAD** (506836-X)  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2011**

RM'000	← Non-distributable				→ Distributable			Total equity	
	Share capital	Share premium	Treasury shares	Warrants reserves	Equity component of RCCLS	Foreign currency translation reserve	Retained Profit / (Accumulated losses)		Minority interest
<b>At 1 January 2011</b>	223,509	104,574	(4,559)	-	-	1,715	(5,695)	26,724	346,268
Total comprehensive income for the period	-	-	-	-	-	(369)	25,258	4,604	29,493
<b>Transaction with owners:</b>									
Issuance of RCCLS	-	(2,138)	-	4,772	784	-	-	-	5,556
Right issue expense	-	(2,138)	-	4,772	784	-	-	-	(2,138)
	-	-	-	-	-	-	-	-	3,418
<b>At 31 DECEMBER 2011</b>	<b>223,509</b>	<b>102,436</b>	<b>(4,559)</b>	<b>4,772</b>	<b>784</b>	<b>1,346</b>	<b>19,563</b>	<b>31,328</b>	<b>379,179</b>
<b>At 1 January 2010</b>	223,509	103,563	(8,664)	-	-	-	(4,980)	27,881	341,309
Effects of adopting FRS 139	-	-	-	-	-	-	2,705	-	2,705
	223,509	103,563	(8,664)	-	-	-	(2,275)	27,881	344,014
Total comprehensive income for the period	-	-	-	-	-	1,715	7,486	3,568	12,769
Dividend paid	-	-	-	-	-	-	(10,906)	(4,725)	(15,631)
<b>Transaction with owners:</b>									
Purchase of treasury shares	-	-	(163)	-	-	-	-	-	(163)
Own shares sold	-	1,011	4,268	-	-	-	-	-	5,279
<b>At 31 DECEMBER 2010</b>	<b>223,509</b>	<b>104,574</b>	<b>(4,559)</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>(5,695)</b>	<b>26,724</b>	<b>346,268</b>

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.

**ENCORP BERHAD** (506836-X)  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2011**

	Year-to-date ended	
	31.12.2011 <i>Unaudited</i> RM'000	31.12.2010 <i>Audited</i> RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	12,300	13,651
Adjustments:		
Depreciation	1,180	1,154
Amortisation of intangible assets	353	101
Impairment of goodwill on consolidation	7,260	6,192
Gain on disposal of property, plant and equipment	(956)	-
Interest expenses	103,108	101,609
Interest income	(4,313)	(3,383)
Writeback of provision for tax penalty	(1,885)	
Writeback of provision for short term accumulating compensated absences	-	23
Provision for liquidated ascertained damages	-	8
Loss on disposal of property, plant and equipment	-	13
Unwinding of discount on retention sum payable	-	(128)
Waiver of debts	-	(373)
Bad debts written off	-	789
Operating profit before working capital changes	117,047	119,656
Changes in working capital:		
Net changes in current assets	54,117	(37,027)
Net changes in current liabilities	(63,551)	33,349
Net changes in property development cost	(54,566)	582
Cash generated from operations	53,047	116,560
Income tax paid	(3,895)	(2,262)
Interest paid	(1,562)	(718)
Net cash generated from operating activities	47,590	113,580
<b>Cash flows from investing activities</b>		
Interest received	4,313	3,307
Proceeds from disposal of property, plant and equipment	4,027	136
Purchase of property, plant and equipment	(2,402)	(3,245)
Purchase of intangible assets	(100)	(506)
Net cash generated from/ (used in) investing activities	5,838	(308)

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2011 (contd.)**

	Year-to-date ended	
	31.12.2011 <i>Unaudited</i> RM'000	31.12.2010 <i>Audited</i> RM'000
<b>Cash flows from financing activities</b>		
Redemption of ABBA Notes	(128,000)	(127,958)
Payment of RCCLS Coupon	(2,957)	-
Proceeds from RCCLS	65,706	-
Right issue expense	(2,140)	-
Net proceeds from term loans	48,717	13,476
Proceeds from bridging loan	-	20,000
Proceeds from revolving credit	-	2,875
Purchase of treasury shares	-	(163)
Proceeds from sale of treasury shares	-	5,279
Dividends paid	-	(15,631)
Placement of deposits pledged	(12,117)	(9,570)
Repayment of bridging loan	(20,000)	-
Repayment of revolving credit	(500)	-
Repayment of advances from contractor	(1,400)	-
Repayment of hire purchase and finance lease	(1,119)	(461)
Net cash used in financing activities	(53,810)	(112,153)
Net increase in cash and cash equivalents	(382)	1,119
Effect of exchange rate changes	(368)	1,715
Cash and cash equivalents at beginning of period	10,779	7,945
Cash and cash equivalents at end of period	10,029	10,779
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	5,324	17,494
- Licensed corporation	645	1,005
Cash and bank balances	22,588	20,598
Bank overdrafts	(351)	-
	28,206	39,097
Short term investments in Fixed Maturity Funds	118,074	95,815
Less: Bank balances and deposits pledged / designated	(136,251)	(124,133)
<b>Cash and cash equivalents at end of period</b>	<b>10,029</b>	<b>10,779</b>

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 31 DECEMBER 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 31 DECEMBER 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 31 December 2011 except for the followings:

<b>a) Repayment of Al-Bai Bithaman Ajil Notes ("ABBA Notes")</b>	<b>RM'000</b>
Encorp Systembilt Sdn Bhd's ("ESSB") ABBA Notes	<u>128,000</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 31 DECEMBER 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 31 December 2011.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011**

**A8. Segmental information**

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 31 December 2011 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Construction RM'000	Property development RM'000	Others* RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>							
External customers	-	110,624	84,734	86,741	2,758	-	284,857
Inter-segment	15,132	-	77,866	4,513	19,381	(116,892)	-
<b>Total Revenue</b>	<b>15,132</b>	<b>110,624</b>	<b>162,600</b>	<b>91,254</b>	<b>22,139</b>	<b>(116,892)</b>	<b>284,857</b>
<b>Results:</b>							
Segment results	(2,387)	108,270	1,940	18,907	(154)	(6,712)	119,864
Interest income	307	3,670	134	193	9	-	4,313
Interest expense	(5,093)	(97,328)	(24)	(661)	(2)	-	(103,108)
Depreciation and amortisation	(1,098)	-	(259)	(122)	(30)	-	(1,509)
Impairment of goodwill on consolidation	-	-	-	-	-	(7,260)	(7,260)
<b>(Loss)/ Profit before tax</b>	<b>(8,271)</b>	<b>14,612</b>	<b>1,791</b>	<b>18,317</b>	<b>(177)</b>	<b>(13,972)</b>	<b>12,300</b>

\* This segment represents Trading and Food and Beverage divisions

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011**

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A9. Valuation of property, plant and equipment**

There were no valuation for property, plant and equipment of the Group during the financial period ended 31 December 2011.

**A10. Material events subsequent to the balance sheet date**

There were no material events subsequent to the financial period ended 31 December 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 31 DECEMBER 2011**

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A12. Changes in contingent liabilities**

	<b>As at 31.12.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
<b>Contingent liabilities:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	39,085	29,636
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	136	809
	<u>39,221</u>	<u>30,445</u>

**A13. Capital commitments**

	<b>As at 31.12.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted for:		
Land held for property development	23,301	23,301
	<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 31 DECEMBER 2011**

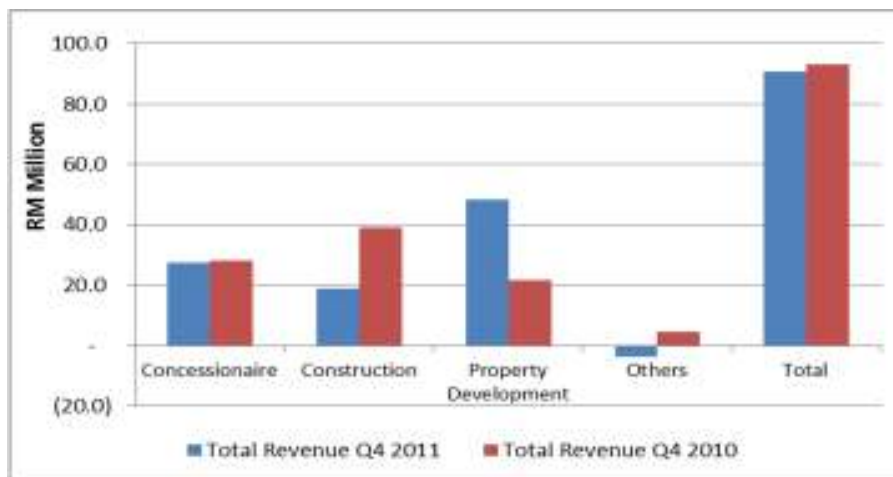
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA**

**B1. Performance review**

**a) 4Q11 vs. 4Q10**

The Group's revenue for the quarter ended 31 December 2011 (4Q11) decreased by RM2.5 million to RM90.7 million as compared to preceding quarter ended 31 December 2010 (4Q10).

The Group recorded a profit before tax ("PBT") of RM7.3 million in 4Q11 as compared to RM2.6 million profit before tax for 4Q10.



Revenue for property development division increased by 124% to RM48.2 million in 4Q11 from RM21.6 million recorded in 4Q10. The PBT for the division increased from RM2.8 million to RM10.5 million recorded in 4Q11. The improved performance is derived from new launches and progress of works in 4Q11.

Revenue for construction division decreased by 52% to RM18.8 million in 4Q11 from RM39.1 million recorded in 4Q10. This is mainly due to the completion of the Sarawak School project in 4Q11. However, the division recorded a PBT of RM1.2 million in 4Q11 as compared to loss before tax of RM63,000 recorded in 4Q10. The profit for 4Q11 is due mainly to the reversal of over provision of tax penalty of RM1.8 million provided in previous years.

The concession division continue to provide constant stream of revenue and PBT of RM27.4 million and RM3.2 million respectively in 4Q11 as compared to RM28.1 million and RM3.6 million respectively in 4Q10.

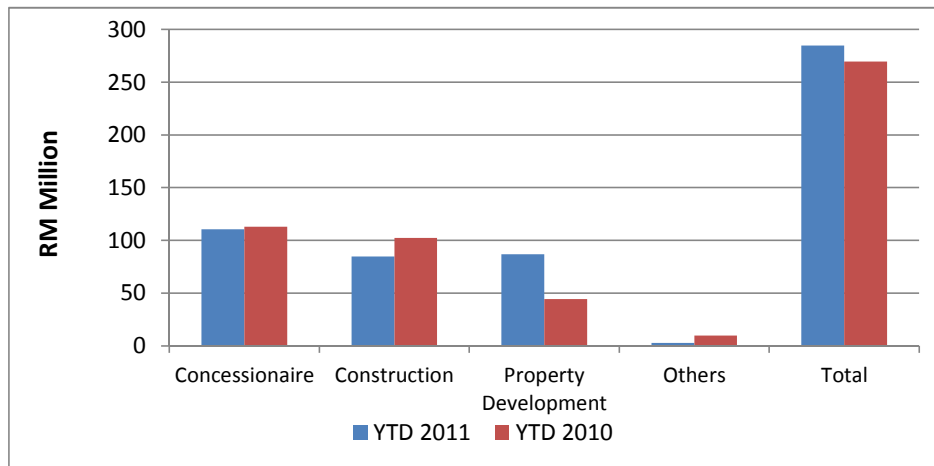
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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**B1. Performance review (contd.)**

**b) 12M11 vs 12M10**

The Group's revenue for the Year-to-date ended 31 December 2011 (12M11) increased by RM15.1 million to RM284.9 million as compared to preceding year ended 31 December 2010 (12M10) of RM269.7 million. This is mainly contributed by the revenue from the property division.

However, the Group's PBT decreased by RM1.35 million or 10% to RM12.3 million in 12M11 as compared to RM13.7 million for 12M10 as a result of higher expenses incurred in promotional activities and increased in manpower to meet the requirement for new developments.



Revenue for property development division increased by 96% to RM86.7 million for 12M11 from RM44.3 million recorded for 12M10. The PBT for the division increased from RM14.2 million to RM18.3 million recorded for 12M11. The improved performance is derived from new launches and progress of works during the year.

Revenue for construction division decreased by 17% to RM84.7 million for 12M11 from RM102.4 million recorded for 12M10. This is mainly due to the completion of the Sarawak School project in 4Q11. However, the division recorded an increase in PBT from RM1.5 million to RM1.8 million. The profit for 12M11 is due mainly to the reversal of over provision of tax penalty of RM1.8 million provided in previous years.

The concession division continue to provide constant stream of revenue and PBT of RM110.64 million and RM14.6 million respectively for 12M11 as compared to RM113.1 million and RM13.8 million respectively for 12M10.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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**B2. Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM90.7 million in 4Q11 as compared to RM55.1 million in 3Q11. The Group's PBT increased by RM2.5 million or 51% to RM7.3 million in 4Q11 as compared to the PBT of RM4.9 million in the immediate preceding quarter. The increase in the PBT is due to increase in sales for the current developments and new launches during 4Q11 as well as progress of works.

**B3. Commentary on prospects**

Given the unstable global economic outlook due to the financial crisis in the Eurozone and the economic slowdown in some other developed countries as well as the tightening of lending conditions arising from new rules by Bank Negara, the Group expects to have moderate performance for the next financial year from its on-going residential and commercial property development projects and construction projects.

The Group has implemented various measures to increase operational efficiency and to look at innovative concepts to enhance its development and construction projects.

**B4. Variance from forecast profit and profit guarantee**

Not applicable for the financial period ended 31 December 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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Income tax	22,905	138	18,062	(776)
Deferred tax	(1,206)	(326)	602	(1,822)
	<u>21,699</u>	<u>(188)</u>	<u>18,664</u>	<u>(2,598)</u>

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

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 recognition of deferred tax assets arising from unused tax losses of a subsidiary company to the extent that it is probable to be utilised.

Based on a recent meeting, Inland Revenue Board has confirmed that the concession income is taxed according to monthly invoice raised and the tax liability will only arise progressively over the concession period. Hence, the tax provision made previously based on accounting profit has been reversed to profit and loss account in the current quarter.

**B6. Disposal of unquoted investments and properties**

There were no other disposal of unquoted investments and/or properties for the financial period ended 31 December 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.

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**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities for the financial period ended 31 December 2011.

**B8 Status of corporate proposals**

- (a) There were no corporate proposals announced but not completed as at the reporting date.
- (b) The status of the utilisation of proceeds from the RCCLS as at the end of the financial period is as follows:-

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Re-allocation* RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Intended timeframe for utilisation</b>
Capital, Project Development and Construction Expenditures	40,000	40,000	-	-	Within 36 months
Working capitals	23,206	21,627	332	1,911	Within 36 months
Expenses for the RCCLS	2,500	2,168	(332)	-	Within 12 months
	<b>65,706</b>	<b>63,795</b>	<b>-</b>	<b>1,911</b>	

\* *The actual utilisation of the expenses relating to RCCLS is lower than the proposed utilisation. As disclosed and provided for in the Circular to shareholders, the unutilised balance has been re-allocated to working capital.*

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**B9 Borrowings and debt securities**

	<b>As at 31.12.2011 RM'000</b>
<b>Current</b>	
ABBA Notes	30,672
Term loan	2,222
Advances	6,600
Obligations under finance leases and hire purchases	536
RCCLS - liability component	918
	<u>40,948</u>
<b>B9. Borrowings and debt securities (contd.)</b>	
	<b>As at 31.12.2011 RM'000</b>
<b>Non-current</b>	
ABBA Notes	1,068,463
Term loan	62,347
Obligations under finance leases and hire purchases	2,041
RCCLS - liability component	58,517
	<u>1,191,368</u>
<b>Total Group's loans and borrowings</b>	<u>1,232,316</u>

**B10 Off balance sheet financial instruments**

There were no off balance sheet financial instruments entered into by the Group as at 31 December 2011 up to the date of this report.

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**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 31 December 2011.

**B13 Profit for the period**

	<b>Quarter ended 31.12.2011 RM'000</b>	<b>Year-to-date ended 31.12.2011 RM'000</b>
The profit before tax is arrived at after charging / (crediting):		
a) Interest income	(974)	(4,313)
b) Other income	(2,628)	(2,756)
c) Interest expense	28,120	103,108
d) Depreciation and amortisation	470	1,533
e) Provision for and write off of receivables	N/A	N/A
f) Provision for and write off of inventories	N/A	N/A
g) Gain/loss on disposal of quoted or unquoted investments or properties	-	(956)
h) Impairment of goodwill	2,342	7,260
i) Foreign exchange gain or loss	N/A	N/A
j) Gain/loss on derivatives; and	N/A	N/A
k) exceptional items	N/A	N/A

*N/A denotes not applicable.*

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**B14 Retained Earnings**

	<b>As at 31.12.2011 RM'000</b>	<b>As at 31.12.2010 RM'000</b>
<b>Group</b>		
Realised	199,568	148,416
Unrealised	(7,490)	(307)
	<u>192,078</u>	<u>148,109</u>
Consolidation adjustments	(172,515)	(153,804)
Total retained earnings / (accumulated losses)	<u>19,563</u>	<u>(5,695)</u>

**B15 Earnings per share**

a) Basic EPS

	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31.12.2011 RM'000</b>	<b>31.12.2010 RM'000</b>	<b>31.12.2011 RM'000</b>	<b>31.12.2010 RM'000</b>
Profit attributable to owners of the parent	<u>25,051</u>	<u>1,608</u>	<u>25,258</u>	<u>7,486</u>
Weighted average number of ordinary shares in issue	<u>218,123</u>	<u>216,423</u>	<u>218,123</u>	<u>216,423</u>
<b>Basic EPS (sen)</b>	<u>11.48</u>	<u>0.74</u>	<u>11.58</u>	<u>3.46</u>

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**B15 Earnings per share (contd.)**

b) Diluted EPS

	Quarter ended		Year-to-date ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Profit attributable to owners of the parent	25,051	N/A	25,258	N/A
Effect on earnings upon conversion of RCCLS	2,788	N/A	4,092	N/A
	<u>27,839</u>		<u>29,350</u>	
Weighted average number of ordinary shares in issue	218,123	N/A	218,123	N/A
Effect of dilution	<u>65,706</u>	<u>N/A</u>	<u>65,706</u>	<u>N/A</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>283,829</u>	<u>N/A</u>	<u>283,829</u>	<u>N/A</u>
<b>Diluted EPS (sen)</b>	<u>9.81</u>	<u>N/A</u>	<u>10.34</u>	<u>N/A</u>

**B16 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 February 2012.

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

**Lee Lay Hong**  
Company Secretary

28 February 2012