



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE
ENDED 30 JUNE 2013
(UNAUDITED)**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

	Quarter ended		Year-to-date ended	
	30.06.2013 <i>Unaudited</i> RM'000	30.06.2012 <i>Unaudited</i> RM'000	30.06.2013 <i>Unaudited</i> RM'000	30.06.2012 <i>Unaudited</i> RM'000
Revenue	161,608	84,536	233,725	143,322
Cost of sales	(90,195)	(36,224)	(121,509)	(58,982)
Gross profit	<u>71,413</u>	<u>48,312</u>	<u>112,216</u>	<u>84,340</u>
Other income	2,003	1,821	4,625	2,893
Marketing and distribution	(7,419)	(2,541)	(11,535)	(3,721)
Administrative expenses	(8,575)	(10,628)	(17,788)	(16,804)
Other expenses	(3,361)	(4,930)	(5,831)	(7,274)
Finance costs	(29,137)	(28,408)	(58,172)	(53,667)
Profit before tax	<u>24,924</u>	<u>3,626</u>	<u>23,515</u>	<u>5,767</u>
Income tax expense	(6,813)	(3,468)	(8,734)	(5,752)
Profit net of tax	<u>18,111</u>	<u>158</u>	<u>14,781</u>	<u>15</u>
Other comprehensive income, net of tax				
Foreign currency translation	475	(16)	418	(28)
Total comprehensive income/(loss) for the period	<u>18,586</u>	<u>142</u>	<u>15,199</u>	<u>(13)</u>
Profit/(loss) attributable to:				
Owners of the parent	11,540	(3,519)	6,417	(5,036)
Non-controlling interest	6,571	3,677	8,364	5,051
	<u>18,111</u>	<u>158</u>	<u>14,781</u>	<u>15</u>
Total comprehensive income attributable to:				
Owners of the parent	12,015	(3,535)	6,835	(5,064)
Non-controlling interest	6,571	3,677	8,364	5,051
	<u>18,586</u>	<u>142</u>	<u>15,199</u>	<u>(13)</u>
Profit/(loss) per share attributable to owner of the parent (sen)				
Basic	<u>5.29</u>	<u>(1.61)</u>	<u>2.94</u>	<u>(2.31)</u>
Diluted	<u>4.07</u>	<u>(1.24)</u>	<u>2.26</u>	<u>(1.77)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD (506836-X)
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	As at 30.06.2013 <i>Unaudited</i> RM'000	As at 31.12.2012 <i>Audited</i> RM'000
Assets		
Non-current assets		
Property, plant and equipment	20,960	21,539
Intangible assets	95,950	100,808
Land held for property development	48,702	52,846
Investment property	182,748	-
Trade receivables	1,014,231	1,031,419
Deferred tax assets	3,580	3,239
	<u>1,366,171</u>	<u>1,209,851</u>
Current assets		
Property development cost	201,044	300,959
Inventories	61	44,973
Tax recoverable	324	130
Trade and other receivables	160,209	142,844
Investment security	110,070	242,995
Cash and bank balances	58,371	60,436
	<u>530,079</u>	<u>792,337</u>
Total assets	<u>1,896,250</u>	<u>2,002,188</u>

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (contd.)**

	As at 30.06.2013 <i>Unaudited</i> RM'000	As at 31.12.2012 <i>Audited</i> RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	81,739	123,023
Loans and borrowings	99,850	168,230
Income tax payables	10,824	5,094
	<u>192,413</u>	<u>296,347</u>
Non-current liabilities		
Trade payables	23,825	44,594
Loans and borrowings	1,257,382	1,253,182
Deferred tax liabilities	6,840	7,474
	<u>1,288,047</u>	<u>1,305,250</u>
Total liabilities	<u>1,480,460</u>	<u>1,601,597</u>
Equity attributable to owners of parent		
Share capital	223,509	223,509
Treasury shares	(4,559)	(4,559)
Share premium	102,435	102,435
Other reserves	8,219	7,801
Retained profit	28,007	21,590
	<u>357,611</u>	<u>350,776</u>
Non-controlling interest	58,179	49,815
Total equity	<u>415,790</u>	<u>400,591</u>
Total equity and liabilities	<u>1,896,250</u>	<u>2,002,188</u>
Net assets per share attributable to owner of the parents (RM)	<u>1.64</u>	<u>1.61</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 JUNE 2013**

RM'000	← Non-distributable →						Distributable				
	Share capital	Share premium	Treasury shares	Warrants reserves	Equity component of RCCLS	Foreign currency translation reserve	Other reserves, total	Retained Profit	Total	Non-controlling interest	Total equity
At 1 January 2013	223,509	102,435	(4,559)	4,681	874	2,246	7,801	21,590	350,776	49,815	400,591
Total comprehensive income for the period	-	-	-	-	-	418	418	6,417	6,835	8,364	15,199
At 30 June 2013	223,509	102,435	(4,559)	4,681	874	2,664	8,219	28,007	357,611	58,179	415,790
At 1 January 2012	223,509	102,435	(4,559)	4,681	874	1,741	7,296	18,874	347,555	32,243	379,798
Total comprehensive income for the period	-	-	-	-	-	(28)	(28)	(5,036)	(5,064)	5,051	(13)
At 30 June 2012	223,509	102,435	(4,559)	4,681	874	1,713	7,268	13,838	342,491	37,294	379,785

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2012 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 JUNE 2013**

	Year-to-date ended	
	30.06.2013 <i>Unaudited</i> RM'000	30.06.2012 <i>Unaudited</i> RM'000
Cash flows from operating activities		
Profit before taxation	23,515	5,767
Adjustments:		
Depreciation	951	2,939
Amortisation of intangible assets	185	180
Impairment of goodwill on consolidation	4,695	4,155
Bad debts written off	-	2,128
Gain on disposal of investment security	(1,996)	(365)
Interest expenses	58,172	53,667
Distribution income from money market investment security	(1,314)	(1,174)
Interest income	(522)	(578)
Operating profit before working capital changes	83,686	66,719
Changes in working capital:		
Net changes in current assets	(133,868)	15,532
Net changes in current liabilities	(57,089)	3,696
Net changes in property development cost	99,915	(50,717)
Cash (used in)/generated from operations	(7,356)	35,230
Income tax paid	(9,137)	(3,814)
Interest paid	(1,039)	(1,053)
Net cash (used in)/generated from operating activities	(17,532)	30,363
Cash flows from investing activities		
Interest received	522	2,116
Purchase of property, plant and equipment	(372)	(4,122)
Purchase of intangible assets	(23)	-
Distribution income received	1,314	-
Decrease/(Increase) in investment security	134,922	(73,779)
Net cash generated from/(used in) investing activities	136,363	(75,785)

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2013 (contd.)**

	Year-to-date ended	
	30.06.2013 <i>Unaudited</i> RM'000	30.06.2012 <i>Unaudited</i> RM'000
Cash flows from financing activities		
Redemption of ABBA Notes	-	(1,135,581)
Proceeds from/(repayment of) SUKUK	(171,717)	1,172,321
Payment of RCSLS Coupon	(1,971)	(1,971)
Placement of deposits pledged	(15,563)	(6,302)
Proceeds from/(repayment of) loans and borrowings	50,938	35,290
Net proceeds from /(repayment of) finance lease payable	918	(445)
Net cash (used in)/generate from financing activities	(137,395)	63,312
Net (decrease)/increase in cash and cash equivalents	(18,564)	17,890
Effect of exchange rate changes	417	(28)
Cash and cash equivalents at beginning of period	56,247	11,891
Cash and cash equivalents at end of period	38,100	29,753
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	112	107
- Licensed corporation	12,916	17,082
Cash and bank balances	45,343	38,071
Bank overdrafts	(520)	(520)
	57,851	54,740
Less: Bank balances and deposits pledged / designated	(19,751)	(24,987)
Cash and cash equivalents at end of period	38,100	29,753

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 JUNE 2013**

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 2012. 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 2012.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, 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 2013.

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

On 1 January 2013, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendments to FRS 101	Presentation of Items of Financial Statements (Improvement to FRSs (2012))
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
Amendments to IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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A2. Significant accounting policies (cont'd)

a) Adoption of FRSs, Amendments to FRSs and IC Interpretations (Cont'd)

Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards - (Improvements to FRSs (2012))
Amendments to FRS 116	Property, Plant and Equipment - (Improvements to FRSs (2012))
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))

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) New Malaysian Financial Reporting Framework

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of the entities that are within the scope of MFRS141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (Transitioning Entities). The adoption of MFRS Framework for Transitioning Entities will be allowed to defer for an additional one year and will only be mandatory for adoption for annual period beginning on or after 1 January 2013. On 30 June 2012, a further extension of 1 year has been granted to Transitioning Entities. MFRS will therefore be mandated for all Transitioning Entities for annual period beginning on or after 1 Jan 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014.

The Group is currently assessing the implications and financial impact of the MFRS Framework.

c) 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
Amendments to FRS 132	Offsetting Financial assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities	1 January 2014
FRS 9	Financial Instruments	1 January 2015

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2012 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 June 2013 except for the following:

a) Treasury shares

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

b) Repayment of Sukuk Murabahah

	RM'000
Encorp Systembilt Sdn Bhd's ("ESSB") Sukuk Murabahah	135,000

The Sukuk Murabahah was issued by a subsidiary company, ESSB to refinance all of the amount outstanding under ABBA Notes and to fund the Trustee' Reimbursement Account. The Sukuk Murabahah is 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 Sukuk Murabahah raised do not have any financial recourse to the Group.

A7. Dividend paid

No dividends were paid during the financial period ended 30 June 2013.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 30 June 2013 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
Revenue							
External customers	-	52,830	16,302	159,634	4,959	-	233,725
Inter-segment	14,847	-	56,621	184,786	2,088	(258,342)	-
Total Revenue	14,847	52,830	72,923	344,420	7,047	(258,342)	233,725
Results:							
Segment results	(6,317)	51,525	1,216	37,219	(753)	-	82,890
Interest income	592	2,999	184	851	-	-	4,626
Interest expense	(2,946)	(54,473)	(103)	(629)	(20)	-	(58,171)
Depreciation and amortisation	(656)	-	(337)	(56)	(86)	-	(1,135)
Impairment of goodwill on consolidation	-	-	-	-	-	(4,695)	(4,695)
Profit / (Loss) before tax	(9,327)	51	960	37,385	(859)	(4,695)	23,515

* This segment represents Investment property, Trading, Food and Beverage and Facilities Management divisions.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

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 30 June 2013.

A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the financial period ended 30 June 2013 up to the date of this report.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2013 except for the following:

- (i) On 20 February 2013, Must Ehsan Development Sdn Bhd, a 70% owned subsidiary of Encorp Must Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company has incorporated two new wholly-owned subsidiaries known as Encorp Strand Mall Sdn Bhd and Encorp Parking Sdn Bhd with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each respectively and its principal activity are property investment.

A12. Changes in contingent liabilities

	As at 30.06.2013 RM'000	As at 30.06.2012 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	62,728	32,887
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	2,954	-
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	217	105
	<u>65,899</u>	<u>32,992</u>

A13. Capital commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at the end of the financial period.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

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

B1. Performance review

**a) Performance of the current quarter against the preceding year corresponding quarter
(2Q13 vs. 2Q12).**

The Group's revenue for the quarter ended 30 June 2013 (2Q13) increased by RM77.07 million to RM161.61 million as compared to RM84.54 in preceding quarter ended 30 June 2012 (2Q12). The increase in revenue was mainly due to higher sales and progress of works achieved by the Property Division.

In line with the increase in revenue, the Group recorded a higher profit before tax of RM24.92 million in 2Q13 as compared to RM3.63 million for 2Q12.

The increase in marketing and distribution cost from RM2.54 million in 2Q12 to RM7.42 million in 2Q13 is mainly due to the promotional activities for new property development project, namely Encorp Marina.

Property

Revenue for property development division increased significantly by RM78.15 million or 178% to RM122.16 million in 2Q13 from RM44.01 million recorded in 2Q12. The increase was mainly due to higher sales and progress contributed by Encorp Marina project and completion of Garden Office project. Accordingly, profit before tax for the division increased from RM15.99 million in 2Q12 to RM31.10 million in 2Q13.

Construction

Revenue from external construction contract decreased by RM2.60 million or 21% to RM9.93 million in 2Q13 from RM12.54 million recorded in 2Q12. This is mainly due to the on going project of double track is approaching completion. Revenue for in-house projects increased by RM3.72 million to RM34.19 million in 2Q13 from RM30.47 million in 2Q12 is mainly due to new project of Encorp Marina. Despite the decrease in revenue, the division recorded a profit before tax profit of RM1.04 million in 2Q13 as compared to RM0.86 million recorded in 2Q12. The improvement is mainly due the cost savings arising from cost rationalisation exercises.

Concession

In 2Q13, the segment recorded revenue of RM26.32 with a loss before tax of RM0.45 million. The performance improved from the revenue of RM27.06 million and loss before tax of RM4.52 million in 2Q12. This is mainly due to one off administrative expenses and higher finance cost incurred for the issuance of Sukuk Murabahah and receivable written off in the preceding year quarter.

Others

Revenue and losses from other operation segment consist mainly of trading activities, sales of food and beverage.

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

b) Performance of the current financial period against the preceding year corresponding period (1H13 vs. 1H12)

For the current financial period, the Group recorded an increase in revenue of RM90.40 million against RM143.32 million in the preceding year corresponding period. The increase was mainly due to higher sales and workdone achieved by the Property Division.

In line with the above, the Group recorded a profit before tax of RM23.51 million in 1H13 as compared to RM5.77 million for 1H12.

Property

The revenue and profit before tax of the division increase significantly from RM70.22 million and RM21.64 million respectively in the preceding year corresponding period to RM159.63 and RM37.38 million respectively in the current period. The improved performance is derived from new sales and higher progress of works in the current period and the cost saving of projects from the cost rationalisation exercise carried out by the management.

Construction

The decrease in revenue from RM17.04 million recorded in 1H12 to RM16.30 million in 1H13 is mainly due to the on going project of double track is approaching completion. Meanwhile, the revenue for in-house projects increased by RM9.18 million to RM56.62 million in 1H13 from RM47.44 million in 1H12 is mainly due to new project of Encorp Marina. Despite of the lower revenue, the division recorded a profit before tax of RM0.96 million in 1H13 as compared to RM0.15 million recorded in 1H12.

Concession

The concession division continue to provide constant stream of revenue of RM52.83 million in 1H13 as compared to RM54.30 million in 1H12. Meanwhile the segment recorded a profit before tax of RM51 thousand in 1H13 and losses of RM469 thousand in 1H12. This is mainly due to receivable written off in 1H12.

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

The Group's revenue increased by RM89.49 million or 124% to RM161.61 million as compared to RM72.12 million registered in the preceding quarter. In line with the increase in revenue, the Group's profit before tax increased by RM26.83 million to a profit of RM25.42 million in 2Q13 as compared to a loss of RM1.41 million in 1Q13.

B3. Commentary on prospects

The Malaysian economy recorded a better-than-expected performance for year 2012 with a full-year growth of 5.6% despite a weaker global economic environment and is expected to grow steadily at 5% to 6% in year 2013.

The Group will continue its focus on measures to increase operational efficiencies and to pursue innovative concepts to enhance its development and construction projects.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory performance for current financial year.

B4. Variance from forecast profit and profit guarantee

Not applicable.

B5. Income tax expense

	Quarter ended		Year-to-date ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Income tax	(7,417)	(4,471)	(9,709)	(6,140)
Deferred tax	603	1,003	974	388
	<u>(6,813)</u>	<u>(3,468)</u>	<u>(8,734)</u>	<u>(5,752)</u>

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

The effective tax rate for the Group for the financial period is higher than the statutory tax rate because certain expenses are not allowable as deduction for tax purposes, and losses of certain subsidiaries which have not been used to set off against taxable profits made by other subsidiaries.

B6. Disposal of unquoted investments and properties

There were no other disposal of unquoted investments and/or properties for the financial period ended 30 June 2013.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B7. Borrowings and debt securities

	As at 30.06.2013 RM'000
Current	
Sukuk Murabahah	44,883
Term loan	23,709
Overdraft	520
Revolving credit	23,950
Advances	3,100
Obligations under finance leases and hire purchases	961
RCCLS - liability component	2,728
	<u>99,850</u>
Non-current	
Sukuk Murabahah	1,043,956
Term loan	150,424
Obligations under finance leases and hire purchases	4,268
RCCLS - liability component	58,734
	<u>1,257,382</u>
Total Group's loans and borrowings	<u>1,357,232</u>

B8 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

B9 Dividends

The Board of Directors do not recommend any dividend for the quarter ended 30 June 2013.

B10 Profit for the period

	Quarter and Year-to-date ended	
	30.06.2013	30.06.2012
	RM'000	RM'000
The profit before tax is arrived at after charging / (crediting):		
a) Interest income	(4,626)	(1,751)
b) Other income	(94)	(1,142)
c) Interest expense	58,172	53,667
d) Depreciation and amortisation	1,136	991
e) Provision for and write off of receivables	-	2,128
f) Provision for and write off of inventories	N/A	N/A
g) Loss/(gain) on disposal of quoted or unquoted investments or properties	N/A	-
h) (Gain)/loss on property, plant & equipment	95	-
i) Impairment of goodwill	4,695	4,155
j) Foreign exchange gain or loss	N/A	N/A
k) Gain/loss on derivatives; and	N/A	N/A
l) exceptional items	N/A	N/A

N/A denotes as not applicable.

B11 Retained Earnings

	As at 30.06.2013	As at 30.06.2012
	RM'000	RM'000
Group		
Realised	272,532	379,750
Unrealised	975	(6,412)
	<u>273,507</u>	<u>373,338</u>
Consolidation adjustments	(245,500)	(359,500)
Total retained earnings	<u>28,007</u>	<u>13,838</u>

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(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

B12 Earnings per share ("EPS")

a) Basic EPS

	Quarter ended		Year-to-date ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Profit/(loss) attributable to owners of the parent	11,540	(3,519)	6,417	(5,036)
Weighted average number of ordinary shares in issue	218,123	218,123	218,123	218,123
Basic EPS (sen)	5.29	(1.61)	2.94	(2.31)

b) Diluted EPS

Profit/(loss) attributable to owners of the parent	11,540	(3,519)	6,417	(5,036)
Effect on earnings upon conversion of RCSLS	-	-	-	-
Weighted average number of ordinary shares in issue	218,123	218,123	218,123	218,123
Effect of dilution	65,706	65,706	65,706	65,706
Adjusted weighted average number of ordinary shares in issue and issuable	283,829	283,829	283,829	283,829
Diluted EPS (sen)	4.07	(1.24)	2.26	(1.77)

The potential dilutive instruments of Warrants of 32,853,030 have not been included in the calculation of the Diluted EPS as they are antidilutive for the current quarter under review.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013**

B13 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 August 2013.

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

Lee Lay Hong
Company Secretary

16 August 2013