



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE
ENDED 30 SEPTEMBER 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 SEPTEMBER 2013**

	Quarter ended		Year-to-date ended	
	30.09.2013 <i>Unaudited</i> RM'000	30.09.2012 <i>Unaudited</i> RM'000	30.09.2013 <i>Unaudited</i> RM'000	30.09.2012 <i>Unaudited</i> RM'000
Revenue	168,601	83,444	402,326	226,766
Cost of sales	(101,141)	(40,371)	(222,650)	(99,353)
Gross profit	67,460	43,073	179,676	127,413
Other income	1,381	2,163	6,006	5,056
Marketing and distribution expenses	(13,694)	(2,538)	(25,229)	(6,259)
Administrative expenses	(8,071)	(7,846)	(25,859)	(24,650)
Other expenses	(2,989)	(2,609)	(8,820)	(9,883)
Finance costs	(29,242)	(30,682)	(87,414)	(84,349)
Profit before tax	14,845	1,561	38,360	7,328
Income tax expense	(4,446)	(1,845)	(13,180)	(7,597)
Profit/(loss) net of tax	10,399	(284)	25,180	(269)
Other comprehensive income, net of tax				
Foreign currency translation	(1,490)	62	(1,965)	34
Total comprehensive income/(loss) for the period	8,909	(222)	23,215	(235)
Profit/(loss) attributable to:				
Owners of the parent	8,005	(2,747)	14,422	(7,783)
Non-controlling interest	2,394	2,463	10,758	7,514
	10,399	(284)	25,180	(269)
Total comprehensive income attributable to:				
Owners of the parent	6,515	(2,685)	12,457	(7,749)
Non-controlling interest	2,394	2,463	10,758	7,514
	8,909	(222)	23,215	(235)
Profit/(loss) per share attributable to owner of the parent (sen)				
Basic	3.67	(1.26)	6.60	(3.57)
Diluted	2.96	-	5.83	-

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 SEPTEMBER 2013**

	As at 30.09.2013 <i>Unaudited</i> RM'000	As at 31.12.2012 <i>Audited</i> RM'000
Assets		
Non-current assets		
Property, plant and equipment	22,665	21,539
Intangible assets	93,447	100,808
Land held for property development	49,734	52,846
Investment property	195,828	-
Trade receivables	993,913	1,031,419
Deferred tax assets	3,643	3,239
	<u>1,359,230</u>	<u>1,209,851</u>
Current assets		
Property development cost	148,814	300,959
Inventories	56	44,973
Tax recoverable	302	130
Trade and other receivables	263,705	142,844
Investment security	152,178	242,995
Cash and bank balances	81,401	60,436
	<u>646,456</u>	<u>792,337</u>
Total assets	<u>2,005,686</u>	<u>2,002,188</u>

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

	As at 30.09.2013 <i>Unaudited</i> RM'000	As at 31.12.2012 <i>Audited</i> RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	128,946	123,023
Loans and borrowings	110,507	168,230
Income tax payables	9,564	5,094
	<u>249,017</u>	<u>296,347</u>
Non-current liabilities		
Trade payables	31,273	44,594
Loans and borrowings	1,299,222	1,253,182
Deferred tax liabilities	6,093	7,474
	<u>1,336,588</u>	<u>1,305,250</u>
Total liabilities	<u>1,585,605</u>	<u>1,601,597</u>
Equity attributable to owners of parent		
Share capital	224,186	223,509
Treasury shares	(4,559)	(4,559)
Share premium	102,435	102,435
Other reserves	5,796	7,801
Retained profit	31,650	21,590
	<u>359,508</u>	<u>350,776</u>
Non-controlling interest	60,573	49,815
Total equity	<u>420,081</u>	<u>400,591</u>
Total equity and liabilities	<u>2,005,686</u>	<u>2,002,188</u>
 Net assets per share attributable to owner of the parents (RM)	 <u>1.65</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 SEPTEMBER 2013**

RM'000	← Non-distributable →			Distributable							
	Share capital	Share premium	Treasury shares	Warrants reserves	Equity component of RCLS	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	-	-	-	-	-	(1,965)	(1,965)	14,422	12,457	10,758	23,215
Transaction with owners:											
Dividend paid	-	-	-	-	-	-	-	(4,362)	(4,362)	-	(4,362)
Issuance of ordinary shares: - Conversion of RCLS	677	-	-	-	(40)	-	(40)	-	637	-	637
At 30 September 2013	224,186	102,435	(4,559)	4,681	834	281	5,796	31,650	359,508	60,573	420,081
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	-	-	-	-	-	34	34	(7,783)	(7,749)	7,514	(235)
Transaction with owners:											
Dividend paid	-	-	-	-	-	-	-	(4,362)	(4,362)	-	(4,362)
At 30 September 2012	223,509	102,435	(4,559)	4,681	874	1,775	7,330	6,729	335,444	39,757	375,201

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 SEPTEMBER 2013**

	Year-to-date ended	
	30.09.2013 <i>Unaudited</i> RM'000	30.09.2012 <i>Unaudited</i> RM'000
Cash flows from operating activities		
Profit before taxation	38,360	7,328
Adjustments:		
Depreciation	1,533	1,232
Amortisation of intangible assets	248	272
Impairment of goodwill on consolidation	7,039	6,251
Bad debts written off	-	2,128
Loss on disposal of property, plant and equipment	838	-
Gain on disposal of intangible assets	(62)	-
Gain on disposal of investment security	(2,041)	(487)
Interest expenses	87,414	84,349
Distribution income from money market investment security	(2,312)	(2,738)
Interest income	(872)	(824)
Operating profit before working capital changes	130,145	97,511
Changes in working capital:		
Net changes in current assets	(231,152)	8,850
Net changes in current liabilities	(2,526)	27,398
Net changes in property development cost	152,145	(71,784)
Cash generated from operations	48,612	61,975
Income tax paid	(15,539)	(7,462)
Interest paid	(1,690)	(1,543)
Net cash generated from operating activities	31,383	52,970
Cash flows from investing activities		
Interest received	872	4,049
Purchase of property, plant and equipment	(3,497)	(5,005)
Purchase of intangible assets	(290)	-
Proceeds from disposal of intangible assets	426	-
Distribution income received	2,312	-
Decrease/(Increase) in investment security	92,859	(94,067)
Net cash generated from/(used in) investing activities	92,682	(95,023)

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

	Year-to-date ended	
	30.09.2013 <i>Unaudited</i> RM'000	30.09.2012 <i>Unaudited</i> RM'000
Cash flows from financing activities		
Redemption of ABBA Notes	-	(1,135,581)
Proceeds (repayment of) / from SUKUK	(171,717)	1,172,321
Dividend paid	(4,362)	(4,362)
Payment of RCSLS Coupon	(3,625)	(2,957)
Conversion of RCSLS	677	-
Placement of deposits pledged	(41,087)	(8,448)
Proceeds from loans and borrowings	76,806	44,549
Net proceeds from /(repayment of) finance lease payable	568	(743)
Net cash (used in)/generate from financing activities	(142,740)	64,779
Net (decrease)/increase in cash and cash equivalents	(18,675)	22,726
Effect of exchange rate changes	(1,965)	34
Cash and cash equivalents at beginning of period	56,247	11,891
Cash and cash equivalents at end of period	35,607	34,651
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	112	11,373
- Licensed corporation	14,623	18,729
Cash and bank balances	66,666	32,202
Bank overdrafts	(520)	(520)
	80,881	61,784
Less: Bank balances and deposits pledged / designated	(45,274)	(27,133)
Cash and cash equivalents at end of period	35,607	34,651

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 SEPTEMBER 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 and IC Interpretation 15 Agreements for Construction of Real Estate, 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. On 7 August 2013, MASB has decided to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all transitioning entities for annual periods beginning on or after 1 January 2015.

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 2015.

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
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
FRS 9	Financial Instruments
	1 January 2014
	1 January 2014
	1 January 2015

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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 September 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.

c) Conversion of Redeemable Convertible Secured Loan Stock ("RCSLS")

During the financial period ended 30 September 2013, the issued and paid-up capital of the Company has been increased from RM223,508,536 to RM224,186,036 by way of issuance of 677,500 ordinary shares of RM1.00 each pursuant to the conversion of 677,500 units of RCSLS at the conversion price of RM1.00 each.

A7. Dividend paid

During the financial period ended 30 September 2013, a final dividend of 2 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2012 were paid on 10 July 2013.

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

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 30 September 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	-	78,950	21,798	295,708	5,870	-	402,326
Inter-segment	20,235	-	75,810	184,764	3,017	(283,826)	-
Total Revenue	20,235	78,950	97,608	480,472	8,887	(283,826)	402,326
Results:							
Segment results	(7,176)	77,290	721	60,038	(1,504)	-	129,369
Interest income	645	3,986	80	514	-	-	5,225
Interest expense	(4,439)	(81,710)	(155)	(1,087)	(23)	-	(87,414)
Depreciation and amortisation	(995)	-	(566)	(91)	(129)	-	(1,781)
Impairment of goodwill on consolidation	-	-	-	-	-	(7,039)	(7,039)
Profit / (Loss) before tax	(11,965)	(434)	80	59,374	(1,656)	(7,039)	38,360

* 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 SEPTEMBER 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 September 2013.

A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the financial period ended 30 September 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 September 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 30.09.2013 RM'000	As at 30.09.2012 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	69,759	33,059
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	20	45
	<u>72,733</u>	<u>33,104</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
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**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
(3Q13 vs. 3Q12).**

The Group's revenue for the quarter ended 30 September 2013 (3Q13) increased by RM85.16 million or 102% to RM168.61 million as compared to RM83.44 million in corresponding quarter ended 30 September 2012 (3Q12). 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 RM14.84 million in 3Q13 as compared to RM1.56 million for 3Q12.

The increase in marketing and distribution cost from RM2.54 million in 3Q12 to RM13.69 million in 3Q13 is mainly due to the expenses incurred for commission and promotional activities for new property development project.

Property

Revenue for property development division increased significantly by RM93.75 million or 222% to RM136.07 million in 3Q13 from RM42.32 million recorded in 3Q12. The increase was mainly due to higher sales and progress contributed by Encorp Marina project and Serviced Residences project. Accordingly, profit before tax for the division increased from RM6.20 million in 3Q12 to RM21.99 million in 3Q13.

Construction

Revenue from external construction contract decreased by RM8.38 million or 60% to RM5.50 million in 3Q13 from RM13.88 million recorded in 3Q12. This is mainly due to the completion of double track project while the new projects are at the preliminary stage. Revenue for in-house projects decreased by RM7.69 million to RM19.19 million in 3Q13 from RM26.88 million in 3Q12 is mainly due to completion of Garden Office project in the preceding quarter. Accordingly, the division recorded a loss of RM0.88 million in 3Q13 as compared to profit before tax of RM1.95 million recorded in 3Q12.

Concession

The concession division continue to provide constant stream of revenue of RM26.12 million in 3Q13 as compared to RM26.88 million in 3Q12. The division recorded a loss before tax RM0.48 million in 3Q13 as compared to RM0.58 million in 3Q12.

Others

Revenue and losses from other operation segment consist mainly of trading activities, investment property, 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 (9M13 vs. 9M12)

For the current financial period, the Group recorded an increase in revenue by RM175.56 million from RM226.77 million in 9M12 to RM402.33 million. The increase was mainly due to higher sales and progress of works achieved by the Property Division.

In line with the above, the Group recorded a profit before tax of RM38.36 million in 9M13 as compared to RM7.33 million for 9M12.

Property

The revenue and profit before tax of the division increase significantly from RM112.55 million and RM28.63 million respectively in 9M12 to RM295.71 million and RM59.37 million respectively in 9M13. The improved performance is derived from new sales and higher progress of works in the current period and the cost saving from the cost rationalisation exercise carried out by the management.

Construction

The decrease in revenue from RM30.92 million recorded in 9M12 to RM21.80 million in 9M13 is mainly due to the completion of double track project in Q213. Meanwhile, the revenue for in-house projects increased by RM1.62 million to RM75.81 million in 9M13 from RM74.19 million in 9M12 is mainly due to new project of Encorp Marina. Despite of the lower revenue, the division recorded a profit before tax of RM0.08 million in 9M13 as compared to a losses of RM0.39 million recorded in 9M12.

Concession

The concession division continue to provide constant stream of revenue of RM78.95 million in 9M13 as compared to RM81.19 million in 9M12. The division recorded a loss of RM0.43 million in 9M13 as compared to RM1.05 million in 9M12 due to RM2.13 million of receivable being written off in 9M12.

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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 RM6.99 million or 4% to RM168.60 million as compared to RM161.61 million registered in the preceding quarter. Despite of the higher revenue, the Group's profit before tax decreased by RM10.08 million to RM14.84 million in 3Q13 as compared to a profit before tax of RM24.92 million in 2Q13. The decrease was mainly due to increase in marketing and distribution cost for new property development project.

B3. Commentary on prospects

Malaysia achieved a steady growth of 4.2% in the first half of 2013, despite the increasingly volatile and challenging global economic environment and is expected to expand at a firmer pace in the second half and to achieve 4.5% - 5% in 2013. Meanwhile in 2014 the growth is expected to accelerate between 5% and 5.5%, supported by domestic demand and an improving external environment.

However, following the higher than anticipated Real Property Gain Tax, discontinuation of Developer Interest Bearing Scheme and the increase in minimum price of properties which foreign investors can acquire, most developers could be negatively impacted.

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	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Income tax	(5,255)	(2,589)	(14,963)	(8,729)
Deferred tax	809	744	1,783	1,132
	<u>(4,446)</u>	<u>(1,845)</u>	<u>(13,180)</u>	<u>(7,597)</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 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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 2013.

B7. Borrowings and debt securities

	As at 30.09.2013 RM'000
Current	
Sukuk Murabahah	47,758
Term loan	32,805
Overdraft	520
Revolving credit	23,950
Advances	2,970
Obligations under finance leases and hire purchases	1,318
RCSLS - liability component	1,186
	<u>110,507</u>
Non-current	
Sukuk Murabahah	1,068,318
Term loan	167,326
Obligations under finance leases and hire purchases	3,561
RCSLS - liability component	60,017
	<u>1,299,222</u>
Total Group's loans and borrowings	<u>1,409,729</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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B9 Dividends

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

B10 Profit for the period

	Quarter and Year-to-date ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
The profit before tax is arrived at after charging / (crediting):		
a) Interest income	(5,225)	(3,562)
b) Other income	(781)	(1,494)
c) Interest expense	87,414	84,349
d) Depreciation and amortisation	1,781	1,504
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	N/A
h) Loss/(gain) on property, plant & equipment	838	-
i) Gain/(loss) on intangible assets	(62)	-
j) Loss/(gain) on disposal of quoted or unquoted	7,039	6,251
k) Foreign exchange gain or loss	N/A	N/A
l) Gain/loss on derivatives; and	N/A	N/A
m) exceptional items	N/A	N/A

N/A denotes as not applicable.

B11 Retained Earnings

	As at 30.09.2013	As at 30.09.2012
	RM'000	RM'000
Group		
Realised	281,249	371,805
Unrealised	1,785	(1,132)
	<u>283,034</u>	<u>370,673</u>
Consolidation adjustments	(251,384)	(363,944)
Total retained earnings	<u>31,650</u>	<u>6,729</u>

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B12 Earnings per share ("EPS")

a) Basic EPS

	Quarter ended		Year-to-date ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Profit/(loss) attributable to owners of the parent	8,005	(2,747)	14,422	(7,783)
Weighted average number of ordinary shares in issue	218,413	218,123	218,413	218,123
Basic EPS (sen)	3.67	(1.26)	6.60	(3.57)

b) Diluted EPS

Profit/(loss) attributable to owners of the parent	8,005	(2,747)	14,422	(7,783)
Effect on earnings upon conversion of RCSLS	1,355	-	4,014	-
	9,360	(2,747)	18,436	(7,783)
Weighted average number of ordinary shares in issue	218,413	218,123	218,413	218,123
Effect of dilution	97,881	-	97,881	-
Adjusted weighted average number of ordinary shares in issue and issuable	316,294	218,123	316,294	218,123
Diluted EPS (sen)	2.96	-	5.83	-

The effect on the diluted earnings per share for the preceding year corresponding quarter and corresponding period arising from the assumed conversion of RCSLS and warrants were anti-dilutive. Accordingly, the diluted EPS was not presented.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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 13 November 2013.

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

Lee Lay Hong
Company Secretary

13 November 2013