



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE
ENDED 31 DECEMBER 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 31 DECEMBER 2013**

	Quarter ended		Year-to-date ended	
	31.12.2013 <i>Unaudited</i> RM'000	31.12.2012 <i>Unaudited</i> RM'000	31.12.2013 <i>Unaudited</i> RM'000	31.12.2012 <i>Restated</i> RM'000
Revenue	136,380	169,749	538,706	396,515
Cost of sales	(81,501)	(95,356)	(304,151)	(194,709)
Gross profit	54,879	74,393	234,555	201,806
Other income	65,719	5,820	71,725	10,876
Marketing and distribution expenses	(8,140)	(4,287)	(33,369)	(10,546)
Administrative expenses	(4,754)	(4,955)	(30,613)	(31,734)
Other expenses	924	670	(7,896)	(7,085)
Finance costs	(31,387)	(31,778)	(118,801)	(116,126)
Profit before tax	77,241	39,863	115,601	47,191
Income tax expense	(6,779)	(9,940)	(19,959)	(17,537)
Profit net of tax	70,462	29,923	95,642	29,654
Other comprehensive income, net of tax				
Foreign currency translation	(1,339)	471	(3,304)	505
Total comprehensive income for the year	69,123	30,394	92,338	30,159
Profit attributable to:				
Owners of the parent	46,713	19,866	61,135	12,083
Non-controlling interest	23,749	10,057	34,507	17,571
	70,462	29,923	95,642	29,654
Total comprehensive income attributable to:				
Owners of the parent	45,374	20,337	57,831	12,588
Non-controlling interest	23,749	10,057	34,507	17,571
	69,123	30,394	92,338	30,159
Profit per share attributable to owner of the parent (sen)				
Basic	21.38	9.11	27.98	5.54
Diluted	15.08	-	20.92	-

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)
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	As at 31.12.2013 <i>Unaudited</i> RM'000	As at 31.12.2012 <i>Restated</i> RM'000
Assets		
Non-current assets		
Property, plant and equipment	29,771	21,539
Intangible assets	25,178	25,530
Land held for property development	46,712	52,846
Investment property	102,410	-
Investment property under construction	177,096	-
Trade receivables	996,166	1,031,419
Deferred tax assets	6,633	3,239
	<u>1,383,966</u>	<u>1,134,573</u>
Current assets		
Property development cost	151,281	300,959
Inventories	77	44,973
Tax recoverable	1,621	130
Trade and other receivables	273,517	142,844
Investment security	109,499	242,995
Cash and bank balances	91,447	60,436
	<u>627,442</u>	<u>792,337</u>
Total assets	<u>2,011,408</u>	<u>1,926,910</u>

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (contd.)**

	As at 31.12.2013 <i>Unaudited</i> RM'000	As at 31.12.2012 <i>Restated</i> RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	164,946	123,023
Loans and borrowings	126,850	168,230
Income tax payables	9,884	5,094
	<u>301,680</u>	<u>296,347</u>
Non-current liabilities		
Trade payables	21,602	44,595
Loans and borrowings	1,271,668	1,253,182
Deferred tax liabilities	2,404	7,474
	<u>1,295,674</u>	<u>1,305,251</u>
Total liabilities	<u>1,597,354</u>	<u>1,601,598</u>
Equity attributable to owners of parent		
Share capital	224,855	223,509
Treasury shares	(4,559)	(4,559)
Share premium	102,418	102,435
Other reserves	4,481	7,801
Retained profit	3,085	(53,688)
	<u>330,280</u>	<u>275,498</u>
Non-controlling interest	83,774	49,814
Total equity	<u>414,054</u>	<u>325,312</u>
Total equity and liabilities	<u>2,011,408</u>	<u>1,926,910</u>
Net assets per share attributable to owner of the parents (RM)	<u>1.51</u>	<u>1.26</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 31 DECEMBER 2013**

RM'000	Non-distributable						Distributable				
	Share capital	Share premium	Treasury shares	Warrants reserves	Equity component of RCSLS	Foreign currency translation reserve	Other reserves, total	Retained Profit	Total	Non-controlling interest	Total equity
At 1 January 2013											
As previously stated	223,509	102,435	(4,559)	4,681	874	2,246	7,801	21,590	350,776	49,814	400,590
Prior year adjustment	-	-	-	-	-	-	-	(75,278)	(75,278)	-	(75,278)
As restated	223,509	102,435	(4,559)	4,681	874	2,246	7,801	(53,688)	275,498	49,814	325,312
Total comprehensive income for the year	-	-	-	-	-	(3,304)	(3,304)	61,135	57,831	34,507	92,338
Transaction with owners:											
Dividend paid	-	-	-	-	-	-	-	(4,362)	(4,362)	(547)	(4,909)
Issuance of ordinary shares: - Conversion of RCSLS	1,346	(17)	-	-	(16)	-	(16)	-	1,313	-	1,313
At 31 December 2013	224,855	102,418	(4,559)	4,681	858	(1,058)	4,481	3,085	330,280	83,774	414,054
At 1 January 2012											
As previously stated	223,509	102,435	(4,559)	4,681	874	1,741	7,296	18,874	347,555	32,243	379,798
Prior year adjustment	-	-	-	-	-	-	-	(80,283)	(80,283)	-	(80,283)
As restated	223,509	102,435	(4,559)	4,681	874	1,741	7,296	(61,409)	267,272	32,243	299,515
Total comprehensive income for the year (restated)	-	-	-	-	-	505	505	12,083	12,588	17,571	30,159
Transaction with owners:											
Dividend paid	-	-	-	-	-	-	-	(4,362)	(4,362)	-	(4,362)
At 31 December 2012	223,509	102,435	(4,559)	4,681	874	2,246	7,801	(53,688)	275,498	49,814	325,312

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 31 DECEMBER 2013**

	Year-to-date ended	
	31.12.2013 <i>Unaudited</i> RM'000	31.12.2012 <i>Restated</i> RM'000
Cash flows from operating activities		
Profit before taxation	115,601	47,191
Adjustments:		
Depreciation	2,445	1,853
Amortisation of intangible assets	310	360
Impairment of goodwill on consolidation	-	4,917
Impairment of land held for property development	5,217	-
Bad debts written off	-	2,764
Loss/(Gain) on disposal of property, plant and equipment	788	(160)
Gain on disposal of intangible assets	(62)	-
Gain on disposal of investment security	(2,124)	(1,118)
Interest expenses	118,802	116,126
Distribution income from money market investment security	(3,777)	(3,894)
Interest income	(1,525)	(1,057)
Allowance for impairment on other receivables	-	(564)
Write off of intangible asset	-	7
Fair value gain from investment properties	(62,498)	-
Provision for short term accumulating compensated absences	-	217
Finance income - other liabilities at amortised costs	(777)	(2,778)
Operating profit before working capital changes	172,400	163,864
Changes in working capital:		
Net changes in current assets	(271,761)	(3,914)
Net changes in current liabilities	14,762	20,033
Net changes in property development cost	149,678	(77,866)
Cash generated from operations	65,079	102,117
Income tax paid	(20,182)	(16,566)
Interest paid	(4,517)	(2,129)
Net cash generated from operating activities	40,380	83,422
Cash flows from investing activities		
Interest received	1,525	1,058
Proceeds from disposal of property, plant and equipment	-	246
Purchase of property, plant and equipment	(6,318)	(8,230)
Purchase of intangible assets	(322)	(37)
Proceeds from disposal of intangible assets	426	-
Distribution income received	3,776	3,894
Decrease/(Increase) in investment security	135,620	(123,804)
Net cash generated from/(used in) investing activities	134,707	(126,873)

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 DECEMBER 2013 (contd.)**

	Year-to-date ended	
	31.12.2013 <i>Unaudited</i> RM'000	31.12.2012 <i>Restated</i> RM'000
Cash flows from financing activities		
Redemption of ABBA Notes	-	(1,135,581)
Proceeds (repayment of) / from SUKUK	(236,083)	1,134,959
Dividend paid to:		
shareholders of the Company	(4,362)	(4,362)
non-controlling interests of a subsidiary	(547)	-
Payment of RCCLS Coupon	(5,190)	(3,942)
Conversion of RCCLS	1,314	-
Placement of deposits pledged	(59,633)	14,497
Proceeds from loans and borrowings	91,990	83,021
Net proceeds from /(repayment of) finance lease payable	2,073	(1,289)
Net cash (used in)/generate from financing activities	(210,438)	87,303
Net (decrease)/increase in cash and cash equivalents	(35,351)	43,852
Effect of exchange rate changes	(3,304)	504
Cash and cash equivalents at beginning of period	56,247	11,891
Cash and cash equivalents at end of period	17,592	56,247
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	122	16,817
- Licensed corporation	13,834	80
Cash and bank balances	77,491	43,538
Bank overdrafts	(10,033)	-
	81,414	60,435
Less: Bank balances and deposits pledged / designated	(63,822)	(4,188)
Cash and cash equivalents at end of period	17,592	56,247

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 31 DECEMBER 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 January 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	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 31 DECEMBER 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. Prior Year Adjustments (PYA)

The Company performed the annual assessment for impairment on goodwill on consolidation in accordance to FRS136: *Impairment of Assets*. During the financial year, the Company made a prior year adjustment relating to an impairment loss of goodwill on consolidation of RM75.28 million which should have been recorded in the previous financial year as the carrying amount of the cash-generating unit to which the goodwill is allocated has exceeded the recoverable amount then. In compliance with FRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, this has been effected as prior year adjustment as follows:

	Net of Tax RM'000	Non-controlling interest RM'000	Net PYA RM'000
Impairment of goodwill on consolidation	75,278	-	75,278
	75,278	-	75,278

A6. 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 year ended 31 December 2013 except for the following:

	31.12.2013 RM'000	31.12.2012 RM'000
Profit before tax as reported	115,601	47,191
Fair value gain from investment properties *	(62,498)	-
Profit before tax excluding unusual items	53,103	47,191
Profit after tax and non-controlling interest as reported	61,135	12,083
Fair value gain from investment properties *	(41,561)	-
Profit after tax and non-controlling interest excluding unusual items	19,574	12,083

Notes:

* The Group recognised RM62.50 million (profit before tax) and RM41.56 million (profit after tax and non-controlling interest) as share of fair value gain from investment property (Encorp Strand Mall Sdn. Bhd.) for the year ended 31 December 2013.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013**

A7. Debt and equity securities

There were no issuances, cancellation, repurchases, resales and repayments of debt and equity securities for the financial year ended 31 December 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	165,000

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 year ended 31 December 2013, the issued and paid-up capital of the Company has been increased from RM223,508,536 to RM224,855,436 by way of issuance of 1,346,900 ordinary shares of RM1.00 each pursuant to the conversion of 1,346,900 units of RCSLS at the conversion price of RM1.00 each.

A8. Dividend paid

During the financial year ended 31 December 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 31 DECEMBER 2013**

A9. Segmental information

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 31 December 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	-	104,866	82,569	344,837	6,434	-	538,706
Inter-segment	28,433	-	118,586	185,054	3,822	(335,895)	-
Total Revenue	28,433	104,866	201,155	529,891	10,256	(335,895)	538,706
Results:							
Segment results	(9,159)	102,840	4,217	77,284	9,825	49,787	234,794
Interest income	750	4,977	124	1,567	8	-	7,426
Interest expense	(6,099)	(108,947)	(425)	(3,306)	(24)	-	(118,801)
Depreciation and amortisation	(1,291)	-	(1,000)	(124)	(187)	-	(2,602)
Impairment of land held property development	-	-	-	(5,216)	-	-	(5,216)
Profit / (Loss) before tax	(15,799)	(1,130)	2,916	70,205	9,622	49,787	115,601

* 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 31 DECEMBER 2013**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A10. Valuation of property, plant and equipment

There were no valuation for property, plant and equipment of the Group during the financial year ended 31 December 2013.

A11. Material events subsequent to the balance sheet date

There were no material events subsequent to the financial year ended 31 December 2013 up to the date of this report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 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.

A13. Changes in contingent liabilities

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	95,764	60,643
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	3,542	2,380
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	1,335	490
	<u>100,641</u>	<u>63,513</u>

A14. 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 year.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 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
(4Q13 vs. 4Q12).**

The Group's revenue for the quarter ended 31 December 2013 (4Q13) decreased by RM33.37 million or 20% to RM136.38 million as compared to RM169.75 million in corresponding quarter ended 31 December 2012 (4Q12). The decrease in revenue was mainly due to lower sales and progress of works achieved by the Property Division as compared to the corresponding quarter.

Despite of the lower revenue, the Group recorded a higher profit before tax of RM77.24 million in 4Q13 as compared to RM39.86 million for 4Q12. The increase was mainly due to fair value gain from the investment property and cost saving from the administrative cost in the current year quarter.

The marketing and distribution cost increased from RM4.29 million in 4Q12 to RM7.95 million in 4Q13 due to higher expenses incurred for new property development project.

Property

The Property Development recorded lower revenue of RM49.13 million in 4Q13 from RM115.99 million recorded in 4Q12 due to lower sales and progress of the on going projects. As a result, profit before tax for the division was also lower at RM10.83 million in 4Q13 against the RM44.40 million in 4Q12.

Construction

Revenue from external construction contract increased by RM35.83 million or 144% to RM60.77 million in 4Q13 from RM24.94 million recorded in 4Q12. This is mainly due to progress of works from new projects. Revenue for in-house projects decreased by RM20.37 million to RM42.78 million in 4Q13 from RM63.14 million in 4Q12 due to completion of Garden Office project in the preceding quarter. The division recorded a profit before tax of RM2.84 million in 4Q13 as compared to RM2.79 million recorded in 4Q12.

Concession

The concession division continue to provide constant stream of revenue of RM25.92 million in 4Q13 (4Q12 : RM26.70 million). The result of the division improved from loss before tax of RM2.97 million in 4Q12 to RM0.70 million in 4Q13.

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 (cont'd)

b) Performance of the current financial year against the preceding year corresponding period (12M13 vs. 12M12)

The Group's revenue for the financial year ended 31 December 2013 (12M13) increased by RM142.19 million or 36% to RM538.71 million as compared to RM396.51 million in preceding year corresponding year ended 31 December 2012 (12M12). The increase is mainly due to higher sales and progress of works achieved by the Property Division.

In line with the above, the Group recorded a higher profit before tax of RM115.60 million as compared to RM47.19 million in 12M12.

Property

The revenue and profit before tax of the division increase significantly to RM344.84 million and RM70.20 million respectively in 12M13 from RM228.54 million and RM68.04 million respectively in 12M12. The improved performance is derived from new sales and higher progress of works during the current financial year and the cost saving from the cost rationalisation exercise carried out by the management.

Construction

In 12M13, the division achieved higher revenue of RM82.57 million from the certified contractual workdone as compared to result in 12M12 of RM55.86 million. This is mainly due to progress from new projects. The revenue for in-house projects decreased by RM18.75 million to RM118.59 million in 12M13 from RM137.34 million in 12M12 is mainly due to the completion of Garden Office project. As a result, the division recorded a higher profit before tax of RM2.92 million in 12M13 as compared to RM2.40 million recorded in 12M12.

Concession

The concession division continue to provide constant stream of revenue of RM104.87 million in 12M13 (12M12 : RM107.89 million). The result of the division improved from loss before tax of RM1.92 million in 12M12 to loss before tax of RM1.13 million in 12M13. This is due to higher administrative and finance cost incurred resulted from the issuance of Sukuk Murabahah and written off of a receivable amount in 12M12.

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B2. Comparison with Immediate Preceding Quarter

The Group's revenue decreased by RM32.22 million or 19% to RM136.38 million as compared to RM168.61 million registered in the preceding quarter. Despite of the lower revenue, the Group's profit before tax increased by RM62.40 million to RM77.24 million in 4Q13 as compared to RM14.84 million in 3Q13. The increase is mainly due to recognition of the fair value gain from investment property in the current quarter.

B3. Commentary on prospects

The Malaysia economy is expected to grow between 5% and 5.5% for year 2014, supported by domestic demand and an improving external environment.

The government of Malaysia has introduced various regulatory measures to promote a more stable and sustainable property market. As these regulatory measures are meant to curb speculation and not to restrict genuine demand, these measures are not expected to affect the sustainable growth in the property sector over the longer term. However, in short term, the property market 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 next financial year.

B4. Variance from forecast profit and profit guarantee

Not applicable.

B5. Income tax expense

	Quarter ended		Year-to-date ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Income tax	(14,588)	(11,373)	(29,551)	(20,102)
Deferred tax	7,809	1,433	9,592	2,565
	<u>(6,779)</u>	<u>(9,940)</u>	<u>(19,959)</u>	<u>(17,537)</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 lower than the statutory tax rate due to the deferred tax liabilities arising from the fair value gain of the investment properties is computed based of the Real Property Gain Tax rate of 5%.

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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 year ended 31 December 2013.

B7. Borrowings and debt securities

	As at 31.12.2013 RM'000
Current	
Sukuk Murabahah	50,284
Term loan	40,413
Overdraft	10,033
Revolving credit	23,950
Obligations under finance leases and hire purchases	1,272
RCSLS - liability component	898
	<u>126,850</u>
Non-current	
Sukuk Murabahah	1,028,661
Term loan	177,872
Obligations under finance leases and hire purchases	5,113
RCSLS - liability component	60,022
	<u>1,271,668</u>
Total Group's loans and borrowings	<u>1,398,518</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 has recommended a single tier final dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2013, subject to the approval of the shareholders at the Company's forthcoming Annual General Meeting.

B10 Profit for the period

	Quarter and Year-to-date ended	
	31.12.2013	31.12.2012
	RM'000	RM'000
The profit before tax is arrived at after charging / (crediting):		
a) Interest income	(7,426)	(4,951)
b) Other income	(64,299)	(5,925)
c) Interest expense	118,801	116,126
d) Depreciation and amortisation	2,755	2,213
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	788	(160)
i) Gain/(loss) on intangible assets	(62)	-
j) Impairment of goodwill	-	4,917
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 31.12.2013	As at 31.12.2012
	RM'000	RM'000
Group		
Realised	229,162	154,511
Unrealised	70,962	2,565
	<u>300,124</u>	<u>157,076</u>
Consolidation adjustments	(297,039)	(210,764)
Total retained earnings	<u>3,085</u>	<u>(53,688)</u>

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B12 Earnings per share ("EPS")

a) Basic EPS

	Quarter ended		Year-to-date ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Profit attributable to owners of the parent	46,713	19,866	61,135	12,083
Weighted average number of ordinary shares in issue	218,516	218,123	218,516	218,123
Basic EPS (sen)	21.38	9.11	27.98	5.54

b) Diluted EPS

Profit attributable to owners of the parent	46,713	19,866	61,135	12,083
Effect on earnings upon conversion of RCSLS	895	-	4,910	-
	47,608	19,866	66,045	12,083
Weighted average number of ordinary shares in issue	218,516	218,123	218,516	218,123
Effect of dilution	97,212	-	97,212	-
Adjusted weighted average number of ordinary shares in issue and issuable	315,728	218,123	315,728	218,123
Diluted EPS (sen)	15.08	-	20.92	-

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

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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 26 February 2014.

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

Lee Lay Hong
Company Secretary

26 February 2014