



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE
ENDED 31 MARCH 2014
(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 MARCH 2014**

	Year-to-date ended	
	31.03.2014 <i>Unaudited</i> RM'000	31.03.2013 <i>Unaudited</i> RM'000
Revenue	93,289	72,117
Cost of sales	(49,022)	(31,314)
Gross profit	<u>44,267</u>	<u>40,803</u>
Other income	8,889	2,622
Marketing and distribution expenses	(1,040)	(4,278)
Administrative expenses	(8,120)	(9,051)
Other expenses	(956)	(1,219)
Finance costs	(27,505)	(29,035)
Profit/(loss) before tax	<u>15,535</u>	<u>(158)</u>
Income tax expense	(5,040)	(1,921)
Profit/(loss) net of tax	<u>10,495</u>	<u>(2,079)</u>
Other comprehensive income, net of tax		
Foreign currency translation	(375)	(57)
Total comprehensive income for the year	<u>10,120</u>	<u>(2,136)</u>
Profit/(loss) attributable to:		
Owners of the parent	7,357	(5,123)
Non-controlling interest	3,138	1,793
	<u>10,495</u>	<u>(3,330)</u>
Total comprehensive income attributable to:		
Owners of the parent	6,982	(3,929)
Non-controlling interest	3,138	1,793
	<u>10,120</u>	<u>(2,136)</u>
Profit per share attributable to owner of the parent (sen)		
Basic	<u>3.36</u>	<u>(2.35)</u>
Diluted	<u>2.78</u>	<u>N/A</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 2013 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 MARCH 2014**

	As at 31.03.2014 <i>Unaudited</i> RM'000	As at 31.12.2013 <i>Audited</i> RM'000
Assets		
Non-current assets		
Property, plant and equipment	29,695	29,787
Intangible assets	25,096	25,165
Land held for property development	47,288	46,712
Completed investment property	303,300	103,300
Investment property under construction	-	177,096
Trade receivables	990,214	998,292
Deferred tax assets	11,525	7,550
	<u>1,407,118</u>	<u>1,387,902</u>
Current assets		
Property development costs	159,853	157,976
Inventories	1,506	1,525
Tax recoverable	810	1,394
Trade and other receivables	134,030	146,602
Other current assets	163,527	153,485
Investment security	155,855	115,808
Cash and bank balances	74,124	79,805
	<u>689,705</u>	<u>656,595</u>
Total assets	<u>2,096,823</u>	<u>2,044,497</u>

ENCORP BERHAD (506836-X)
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013 (contd.)**

	As at 31.03.2014 <i>Unaudited</i> RM'000	As at 31.12.2013 <i>Audited</i> RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	166,313	178,536
Other current liabilities	17,034	11,255
Loans and borrowings	183,893	145,370
Income tax payables	9,731	9,727
	<u>376,971</u>	<u>344,888</u>
Non-current liabilities		
Trade payables	33,575	33,314
Loans and borrowings	1,251,959	1,251,084
Deferred tax liabilities	8,743	2,843
	<u>1,294,277</u>	<u>1,287,241</u>
Total liabilities	<u>1,671,248</u>	<u>1,632,129</u>
Equity attributable to owners of parent		
Share capital	227,814	224,856
Treasury shares	(4,559)	(4,559)
Share premium	102,569	102,440
Other reserves	2,218	2,593
Retained profit	10,803	3,446
	<u>338,845</u>	<u>328,776</u>
Non-controlling interest	86,730	83,592
Total equity	<u>425,575</u>	<u>412,368</u>
Total equity and liabilities	<u>2,096,823</u>	<u>2,044,497</u>
 Net assets per share attributable to owner of the parents (RM)	 <u>1.55</u>	 <u>1.50</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD (506836-X)
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2014**

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 2014	224,856	102,440	(4,559)	3,640	-	(1,047)	2,593	3,446	328,776	83,592	412,368
Total comprehensive income for the period	-	-	-	-	-	(375)	(375)	7,357	6,982	3,138	10,120
Transaction with owners: Issuance of ordinary shares: - Conversion of RCLS	2,958	129	-	-	-	-	-	-	3,087	-	3,087
At 31 March 2014	227,814	102,569	(4,559)	3,640	-	(1,422)	2,218	10,803	338,845	86,730	425,575
At 1 January 2013											
As previously stated	223,509	102,435	(4,559)	4,681	874	2,247	7,802	21,590	350,777	49,815	400,592
Prior year adjustment	-	-	-	(1,041)	(874)	-	(1,915)	(75,278)	(77,193)	-	(77,193)
As restated	223,509	102,435	(4,559)	3,640	-	2,247	5,887	(53,688)	273,584	49,815	323,399
Total comprehensive income for the period (restated)	-	-	-	-	-	(57)	(57)	(5,123)	(5,180)	1,793	(3,387)
At 31 March 2013 (restated)	223,509	102,435	(4,559)	3,640	-	2,190	5,830	(58,811)	268,404	51,608	320,012

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD (506836-X)
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2014**

	Year-to-date ended	
	31.03.2014	31.03.2013
	<i>Unaudited</i>	<i>Unaudited</i>
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	15,535	(158)
Adjustments:		
Depreciation	872	464
Amortisation of intangible assets	84	93
Impairment of goodwill on consolidation	-	662
Gain on disposal of investment security	(22)	(1,021)
Interest expenses	27,505	29,034
Distribution income from money market investment security	(995)	(800)
Interest income	(393)	(154)
Fair value gain from investment properties	(7,340)	-
Operating profit before working capital changes	35,246	28,120
Changes in working capital:		
Net changes in current assets	(5,512)	(107,159)
Net changes in current liabilities	(2,653)	(19,595)
Net changes in property development cost	(1,877)	93,167
Cash generated from operations	25,204	(5,467)
Income tax paid	(6,058)	(5,267)
Interest paid	(772)	(489)
Net cash generated from operating activities	18,374	(11,223)
Cash flows from investing activities		
Interest received	1,377	154
Purchase of property, plant and equipment	(780)	(224)
Purchase of intangible assets	(15)	(18)
Distribution income received	11	800
Decrease/(Increase) in investment security	(40,025)	(8,436)
Net cash generated from/(used in) investing activities	(39,432)	(7,724)

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2014 (contd.)**

	Year-to-date ended	
	31.03.2014 <i>Unaudited</i> RM'000	31.03.2013 <i>Unaudited</i> RM'000
Cash flows from financing activities		
Payment of RCCLS Coupon	(965)	(986)
Placement of deposits pledged	(8,876)	(10,974)
Proceeds from loans and borrowings	17,259	23,441
Net proceeds from /(repayment of) finance lease payable	(542)	18
Net cash (used in)/generate from financing activities	6,876	11,499
Net (decrease)/increase in cash and cash equivalents	<u>(14,182)</u>	<u>(7,448)</u>
Effect of exchange rate changes	(375)	(57)
Cash and cash equivalents at beginning of period	66,741	56,247
Cash and cash equivalents at end of period	<u>52,184</u>	<u>48,742</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	132	11,505
- Licensed corporation	13,997	12,646
Cash and bank balances	59,995	40,276
Bank overdrafts	<u>(12,566)</u>	<u>(520)</u>
	61,558	63,907
Less: Bank balances and deposits pledged / designated	<u>(9,374)</u>	<u>(15,165)</u>
Cash and cash equivalents at end of period	<u>52,184</u>	<u>48,742</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 MARCH 2014**

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 2013. 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 2013.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, 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 2014.

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

On 1 January 2014, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 136	Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets

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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014**

A2. Significant accounting policies (cont'd)

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 119	Defined Benefit Plans : Employee Contributions	1 July 2014
Annual Improvements to FRSS	2010-2012 Cycle	1 July 2014
Annual Improvements to FRSS	2011-2013 Cycle	1 July 2014
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2009)	To be announced

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2013 were not subject to any qualification.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014**

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 ended 31 March 2014.

A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resales and repayments of debt and equity securities for the financial period ended 31 March 2014 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

Encorp Systembilt Sdn Bhd's ("ESSB") Sukuk Murabahah

RM'000

Nil

The next repayment of Sukuk Murabahah is scheduled in May 2014.

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 31 March 2014, the issued and paid-up capital of the Company has been increased from RM224,855,436 to RM227,813,436 by way of issuance of 2,958,000 ordinary shares of RM1.00 each pursuant to the conversion of 2,958,000 units of RCSLS at the conversion price of RM1.00 each.

A7. Dividend paid

No dividends were paid during the financial period ended 31 March 2014.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014**

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 31 March 2014 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Construction RM'000	Property development RM'000	Investment property RM'000	Others* RM'000	Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	25,708	15,176	51,779	330	296	-	93,289
Inter-segment	3,589	-	9,206	496	209	1,060	(14,560)	-
Total Revenue	3,589	25,708	24,382	52,275	539	1,356	(14,560)	93,289
Results:								
Segment results	(607)	25,496	115	12,446	(1,858)	(313)	-	35,279
Interest income	74	1,025	-	278	-	-	-	1,377
Interest expense	(1,543)	(25,398)	(136)	(412)	-	(16)	-	(27,505)
Depreciation and amortisation	(382)	-	(483)	(34)	(14)	(43)	-	(956)
Fair value gain on investment property	-	-	-	-	-	-	7,340	7,340
Profit / (Loss) before tax	(2,458)	1,123	(504)	12,278	(1,872)	(372)	7,340	15,535

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A9. Valuation of property, plant and equipment

There were no valuation for property, plant and equipment of the Group during the financial period ended 31 March 2014.

A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the financial period ended 31 March 2014 up to the date of this report except for the following:

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

Subsequent to the balance sheet date up to the date of this report, the Company further increased its issued and paid-up ordinary share capital from RM227,813,436 to RM232,706,907 by way of issuance of 4,893,471 ordinary shares of RM1.00 each arising from the conversion of 4,893,471 units of RCSLS at the conversion price of RM1.00 each.

b) Conditional Sale and Purchase Agreements between Lavista Sdn Bhd and Pegang Impian Holdings Sdn Bhd with Felda Investment Corporation Sdn Bhd.

On 6 May 2014, Lavista Sdn Bhd ("LSB") and Pegang Impian Holdings Sdn Bhd ("PIHSB"), the major shareholders of the Company, have entered into separate conditional sale and purchase agreements with Felda Investment Corporation Sdn Bhd ("FIC") for the following:

(i). the disposal by LSB of 66,636,036 ordinary shares of RM1.00 each in Encorp ("Encorp Shares"), representing approximately 29.85% of the issued and paid-up share capital of Encorp as at 23 April 2014 (excluding treasury shares), 8,329,505 5-year warrants issued by Encorp ("Warrants") and 16,659,009 5-year 6% redeemable convertible secured loan stocks with a nominal value of RM1.00 each issued by Encorp ("RCSLS"), to FIC for a total cash consideration of RM133,688,547.50 ("LSB SPA"); and

(ii). the disposal by PIHSB of 43,752,000 Encorp Shares, representing approximately 19.60% of the issued and paid-up share capital of Encorp as at 23 April 2014 (excluding treasury shares), 10,469,000 Warrants and 20,938,000 RCSLS, to FIC for a total cash consideration of RM106,027,450.00 ("PIHSB SPA"),

(collectively referred to as "Proposed Disposals")

The LSB SPA and PIHSB SPA are inter-conditional upon each other.

Upon completion of the Proposed Disposals, FIC will hold approximately 49.45% of the issued and paid-up share capital of Encorp as at 23 April 2014 (excluding treasury shares). As such, pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010, FIC will be obliged to extend a mandatory take-over offer to acquire the following:

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A10. Material events subsequent to the balance sheet date (cont'd)

b) Conditional Sale and Purchase Agreements between Lavista Sdn Bhd and Pegang Impian Holdings Sdn Bhd with Felda Investment Corporation Sdn Bhd. (cont'd)

(i). all the remaining voting shares of Encorp not already held by FIC and persons acting in concert with it ("PACs") and such number of Encorp Shares that may be issued pursuant to the exercise of any outstanding Warrants and/or conversion of outstanding RCSLS prior to the close of the mandatory take-over offer ("Offer Shares");

(ii). all the remaining Warrants not already held by FIC and the PACs ("Offer Warrants"); and

(iii). all the remaining RCSLS not already held by FIC and the PACs ("Offer RCSLS"),

for a cash offer price of RM1.55 per Offer Share, RM0.55 per Offer Warrant and RM1.55 per Offer RCSLS.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2014.

A12. Changes in contingent liabilities

	As at 31.03.2014 RM'000	As at 31.03.2013 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	99,628	64,255
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	4,164	2,380
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	732,595	161
	<u>836,388</u>	<u>66,796</u>

A13. Capital commitments

	As at 31.03.2014 RM'000	As at 31.03.2013 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	<u>1,576</u>	<u>-</u>
Approved but not contracted for:		
Property, plant and equipment	<u>4,111</u>	<u>-</u>

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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
(1Q14 vs. 1Q13).**

The Group's revenue for the quarter ended 31 March 2014 (1Q14) increased by RM21.17 million or 29% to RM93.29 million as compared to RM72.12 million in corresponding quarter ended 31 March 2013 (1Q13). The increase in revenue was mainly due to higher progress of works achieved by the Property Division and Construction Division as compared to the corresponding quarter.

Accordingly, the Group recorded a higher profit before tax of RM15.53 million in 1Q14 as compared to a loss of RM0.16 million for 1Q13. The increase was mainly due to the higher work progress achieved, fair value gain from the investment property completed during the quarter and cost saving from the administrative cost in the current year quarter.

Property

The Property Development recorded higher revenue of RM51.78 million in 1Q14 from RM37.47 million recorded in 1Q13 due to higher progress of the on going projects. As a result, profit before tax for the division was also increased to RM12.28 million in 1Q14 as compared to RM6.28 million in 1Q13.

Construction

Revenue from external construction contract increased by RM8.81 million or 138% to RM15.18 million in 1Q14 from RM6.37 million recorded in 1Q13. This is mainly due to progress of works from new projects. Revenue for in-house projects decreased by RM13.22 million to RM9.21 million in 1Q14 from RM22.43 million in 1Q13 due to completion of Garden Office project in the preceding quarter. The division recorded a loss of RM0.50 million in 1Q14 as compared to RM0.08 of losses million recorded in 1Q13.

Concession

The concession division continue to provide constant stream of revenue of RM25.71 million in 1Q14 (1Q13 : RM26.51 million). The result of the division improved from profit before tax of RM0.50 million in 1Q13 to RM1.12 million in 1Q14.

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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B2. Comparison with Immediate Preceding Quarter

The Group's revenue decreased by RM43.09 million or 32% to RM93.29 million as compared to RM136.38 million registered in the preceding quarter. Accordingly, the Group's profit before tax decreased by RM61.71 million to RM15.53 million in 1Q14 as compared to RM77.24 million in 4Q13. The decrease is mainly due to the one-off recognition of the fair value gain from completed investment property in the preceding 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 and Year-to-date ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Income tax	(3,212)	(2,292)
Deferred tax	(1,828)	371
	<u>(5,040)</u>	<u>(1,921)</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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**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 31 March 2014.

B7. Borrowings and debt securities

	As at 31.03.2014 RM'000
Current	
Sukuk Murabahah	51,284
Term loan	95,403
Overdraft	9,627
Revolving credit	22,950
Obligations under finance leases and hire purchases	1,246
RCSLS - liability component	3,383
	<u>183,893</u>
Non-current	
Sukuk Murabahah	1,053,060
Term loan	136,231
Obligations under finance leases and hire purchases	4,595
RCSLS - liability component	58,073
	<u>1,251,959</u>
Total Group's loans and borrowings	<u>1,435,852</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 31 March 2014.

B10 Profit for the period

	Quarter and Year-to-date ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
The profit before tax is arrived at after charging / (crediting):		
a) Interest income	(1,377)	(1,975)
b) Other income	(7,512)	(647)
c) Interest expense	27,505	29,035
d) Depreciation and amortisation	956	557
e) Provision for and write off of receivables	N/A	N/A
f) Provision for and write off of inventories	N/A	N/A
g) Loss/(gain) on disposal of quoted or unquoted investments or properties	N/A	N/A
h) Loss/(gain) on property, plant & equipment	N/A	N/A
i) Gain/(loss) on intangible assets	N/A	N/A
j) Impairment of goodwill	-	662
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 31.03.2014	As at 31.03.2013
	RM'000	RM'000
Group		
Realised	363,744	173,391
Unrealised	13,568	372
	<u>377,312</u>	<u>173,763</u>
Consolidation adjustments	(366,509)	(232,574)
Total retained earnings	<u>10,803</u>	<u>(58,811)</u>

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B12 Earnings per share ("EPS")

a) Basic EPS

	Quarter and Year-to-date ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Profit/(loss) attributable to owners of the parent	7,357	(5,123)
Weighted average number of ordinary shares in issue	218,819	218,123
Basic EPS (sen)	3.36	(2.35)

b) Diluted EPS

Profit/(loss) attributable to owners of the parent	7,357	(5,123)
Effect on earnings upon conversion of RCCLS	1,335	-
	8,692	(5,123)
Weighted average number of ordinary shares in issue	218,819	218,123
Effect of dilution	94,254	-
Adjusted weighted average number of ordinary shares in issue and issuable	313,073	218,123
Diluted EPS (sen)	2.78	-

The effect on the diluted earnings per share for the preceding year corresponding quarter and year-to-date arising from the assumed conversion of RCCLS 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 21 May 2014.

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

Lee Lay Hong
Company Secretary

21 May 2014