



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE
ENDED 30 JUNE 2014
(UNAUDITED)**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014**

	Quarter ended		Year-to-date ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue	119,139	161,608	212,428	233,725
Cost of sales	(66,667)	(90,195)	(115,689)	(121,509)
Gross profit	52,472	71,413	96,739	112,216
Other income	1,669	2,003	10,558	4,625
Marketing and distribution expenses	(3,693)	(7,257)	(4,733)	(11,535)
Administrative expenses	(12,407)	(8,737)	(20,527)	(17,788)
Other expenses	(1,038)	(2,110)	(1,994)	(3,329)
Finance costs	(30,438)	(29,137)	(57,943)	(58,172)
Profit/(loss) before tax	6,565	26,175	22,100	26,017
Income tax expense	(3,617)	(6,813)	(8,657)	(8,734)
Profit/(loss) net of tax	2,948	19,362	13,443	17,283
Other comprehensive income, net of tax				
Foreign currency translation	(26)	475	(401)	418
Total comprehensive income for the year	2,922	19,837	13,042	17,701
Profit/(loss) attributable to:				
Owners of the parent	1,506	12,791	8,863	8,919
Non-controlling interest	1,442	6,571	4,580	8,364
	2,948	19,362	13,443	17,283
Total comprehensive income attributable to:				
Owners of the parent	1,480	13,266	8,462	9,337
Non-controlling interest	1,442	6,571	4,580	8,364
	2,922	19,837	13,042	17,701
Profit per share attributable to owner of the parent (sen)				
Basic	0.65	5.86	3.91	4.09
Diluted	N/A	4.47	N/A	3.66

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)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Assets		
Non-current assets		
Property, plant and equipment	33,506	29,787
Intangible assets	25,026	25,165
Land held for property development	47,347	46,712
Completed investment property	301,175	103,300
Investment property under construction	-	177,096
Trade receivables	980,689	998,292
Deferred tax assets	7,632	7,550
	<u>1,395,375</u>	<u>1,387,902</u>
Current assets		
Property development costs	151,946	157,976
Inventories	1,494	1,525
Tax recoverable	1,279	1,394
Trade and other receivables	138,676	146,602
Other current assets	188,875	153,485
Investment security	105,589	115,808
Cash and bank balances	71,981	79,805
	<u>659,840</u>	<u>656,595</u>
Total assets	<u>2,055,215</u>	<u>2,044,497</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014 (contd.)**

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	167,042	178,536
Other current liabilities	21,241	11,255
Loans and borrowings	244,550	145,370
Income tax payables	6,688	9,727
	<u>439,521</u>	<u>344,888</u>
Non-current liabilities		
Trade payables	32,666	33,314
Loans and borrowings	1,095,549	1,251,084
Deferred tax liabilities	4,342	2,843
	<u>1,132,557</u>	<u>1,287,241</u>
Total liabilities	<u>1,572,078</u>	<u>1,632,129</u>
Equity attributable to owners of parent		
Share capital	278,584	224,856
Treasury shares	(4,559)	(4,559)
Share premium	106,439	102,440
Other reserves	2,192	2,593
Retained profit	12,309	3,446
	<u>394,965</u>	<u>328,776</u>
Non-controlling interest	88,172	83,592
Total equity	<u>483,137</u>	<u>412,368</u>
Total equity and liabilities	<u>2,055,215</u>	<u>2,044,497</u>
Net assets per share attributable to owner of the parents (RM)	<u>1.74</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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 JUNE 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	-	-	-	-	-	(401)	(401)	8,863	8,462	4,580	13,042
Transaction with owners: Issuance of ordinary shares: - Conversion of RCLS	53,728	3,999	-	-	-	-	-	-	57,727	-	57,727
At 30 June 2014	278,584	106,439	(4,559)	3,640	-	(1,448)	2,192	12,309	394,965	88,172	483,137
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)	-	-	-	-	-	418	418	8,919	9,337	8,364	17,701
At 30 June 2013 (restated)	223,509	102,435	(4,559)	3,640	-	2,665	6,305	(44,769)	282,921	58,179	341,100

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2014**

	Year-to-date ended	
	30.06.2014 RM'000	30.06.2013 RM'000
Cash flows from operating activities		
Profit before taxation	22,100	26,017
Adjustments:		
Depreciation	1,836	951
Amortisation of intangible assets	158	185
Impairment of goodwill on consolidation	-	2,193
Gain on disposal of investment security	(128)	(1,996)
Interest expenses	57,943	58,172
Distribution income from money market investment security	(1,863)	(1,314)
Interest income	(762)	(522)
Fair value gain from investment properties	(7,340)	-
Operating profit before working capital changes	71,944	83,686
Changes in working capital:		
Net changes in current assets	(23,904)	(133,868)
Net changes in current liabilities	(59)	(57,089)
Net changes in property development cost	6,030	99,915
Cash generated from operations	54,011	(7,356)
Income tax paid	(12,261)	(9,137)
Interest paid	(3,694)	(1,039)
Net cash generated from operating activities	38,056	(17,532)
Cash flows from investing activities		
Interest received	762	522
Purchase of property, plant and equipment	(5,555)	(372)
Purchase of intangible assets	(19)	(23)
Distribution income received	1,863	1,314
Decrease in investment security	10,347	134,922
Net cash generated from investing activities	7,398	136,363

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 JUNE 2014 (contd.)**

	Year-to-date ended	
	30.06.2014 RM'000	30.06.2013 RM'000
Cash flows from financing activities		
Payment of RCSLS Coupon	(2,434)	(1,971)
Repayment of SUKUK	(83,807)	(171,717)
Placement of deposits pledged	(8,881)	(15,563)
Proceeds from loans and borrowings	31,442	50,938
Net proceeds from finance lease payable	1,927	918
Net cash used in from financing activities	(61,753)	(137,395)
Net decrease in cash and cash equivalents	(16,299)	(18,564)
Effect of exchange rate changes	(401)	417
Cash and cash equivalents at beginning of period	66,741	56,247
Cash and cash equivalents at end of period	50,041	38,100
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	156	112
- Licensed corporation	14,695	12,916
Cash and bank balances	57,130	45,343
Bank overdrafts	(9,314)	(520)
	62,667	57,851
Less: Bank balances and deposits pledged / designated	(12,626)	(19,751)
Cash and cash equivalents at end of period	50,041	38,100

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 30 JUNE 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 30 JUNE 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.

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
Annual Improvements to FRSs	2010-2012 Cycle
Annual Improvements to FRSs	2011-2013 Cycle
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2009)
	1 July 2014
	1 July 2014
	1 July 2014
	To be announced
	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 30 JUNE 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 30 June 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 30 June 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

	RM'000
Encorp Systembilt Sdn Bhd's ("ESSB") Sukuk Murabahah	50,000

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 June 2014, the issued and paid-up capital of the Company has been increased from RM224,855,436 to RM278,584,416 by way of issuance of 53,728,980 ordinary shares of RM1.00 each pursuant to the conversion of 53,728,980 units of RCSLS at the conversion price of RM1.00 each.

A7. Dividend paid

No dividends were paid during the financial period ended 30 June 2014.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014**

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the year-to-date ended 30 June 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	-	51,202	44,594	114,450	1,736	446	-	212,428
Inter-segment	7,013	-	25,600	496	424	1,802	(35,335)	-
Total Revenue	7,013	51,202	70,194	114,946	2,160	2,248	(35,335)	212,428
Results:								
Segment results	(2,242)	50,375	701	29,253	(5,519)	(625)	-	71,943
Interest income	142	2,028	7	576	-	-	-	2,753
Interest expense	(3,934)	(50,796)	(492)	(729)	(1,957)	(35)	-	(57,943)
Depreciation and amortisation	(765)	-	(1,035)	(67)	(41)	(85)	-	(1,993)
Fair value gain on investment property	-	-	-	-	-	-	7,340	7,340
Profit / (Loss) before tax	(6,799)	1,607	(819)	29,033	(7,517)	(745)	7,340	22,100

* 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 30 JUNE 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 30 June 2014.

A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the financial period ended 30 June 2014 up to the date of this report except for :

a) Unconditional Mandatory Take-Over Offer by Felda Investment Corporation Sdn Bhd ("FIC").

On 29 May 2014, The Board of Directors of the Company ("Board") received a Notice of Mandatory Take-Over Offer ("Notice") from Maybank Investment Bank Berhad, on behalf of FIC, in accordance with Section 9(1)(a), Part III of the Malaysian Code on Take-Over and Mergers, 2010 ("Code") to acquire the following:

(i) all the remaining voting shares of the Company not already held by FIC and the person acting in concert with it ("PAC") and such number of new shares of the Company 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 ;

(ii) all the remaining Warrants not already held by FIC and the PAC ; and

(iii) all the remaining RCSLS not already held by FIC and the PAC.

(Collectively known as "the Offer")

On 10 July 2014, the Company has received a press notice from Maybank Investment Bank Berhad, on behalf of FIC ("Press Notice"), informing that the Offer has closed at 5.00 p.m. (Malaysian time) on 10 July 2014 ("Closing Date").

As set out in the Press Notice, as at 5.00 p.m. (Malaysian time) on the closing date, based on valid acceptances, FIC and the PAC collectively hold 197,484,026 shares of the Company, representing approximately 72.29% of the Voting Shares as at 10 July 2014, 18,903,455 Warrants and 8,695,400 RCSLS.

As stated in Section 5 of the Offer Document, since FIC has received acceptances under the Offer resulting in FIC and the PAC collectively holding less than 75% of the listed shares of the Company (excluding all the treasury shares held by the Company), FIC intends to maintain the listing status of the Company.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2014**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2014.

A12. Changes in contingent liabilities

	As at 30.06.2014 RM'000	As at 30.06.2013 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	155,947	62,728
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	7,329	2,954
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	7,956	217
	<u>171,232</u>	<u>65,899</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
(2Q14 vs. 2Q13).**

The Group's revenue for the quarter ended 30 June 2014 (2Q14) decreased by RM42.47 million or 26% to RM119.14 million as compared to RM161.61 million in corresponding quarter ended 30 June 2013 (2Q13). 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.

Accordingly, the Group recorded a lower profit before tax of RM6.56 million in 2Q14 as compared to RM26.17 million for 2Q13.

Property

The Property Development recorded lower revenue of RM62.67 million in 2Q14 from RM122.16 million recorded in 2Q13 due to completion of Encorp Strand Garden Office projects in 3Q13. In line with the lower workdone for on going project which is approaching completion, the profit before tax for the division was also decreased to RM16.76 million in 2Q14 as compared to RM31.10 million in 2Q13.

Construction

Revenue from external construction contract increased by RM19.48 million or 196% to RM29.42 million in 2Q14 from RM9.94 million recorded in 2Q13. This is mainly due to progress of works from new projects. Revenue for in-house projects decreased by RM17.80 million to RM16.39 million in 2Q14 from RM34.19 million in 2Q13 due to completion of Encorp Strand Garden Office project in the preceding year quarter. The division recorded a loss of RM0.31 million in 2Q14 as compared to a profit before tax of RM1.04 million recorded in 2Q13.

Concession

The concession division recorded revenue of RM25.49 million in 2Q14 (2Q13 : RM26.32 million). The result of the division improved from a loss before tax of RM0.45 million in 2Q13 to profit before tax of RM0.48 million in 2Q14 due to higher finance cost incurred for the Sukuk Murabahah in the preceding year quarter.

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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 (1H14 vs. 1H13).

For the current financial period end 30 June 2014, the Group recorded a decrease in revenue of RM21.30 million against RM233.73 million in the preceding year corresponding period ended 30 June 2013(1H13). The decrease was mainly due to lower sales and workdone achieved by the Property Division.

In line with the above, the Group recorded a profit before tax of RM22.10 million in 1H14 as compared to RM26.02 million for 1H13.

Property

The revenue of property division decrease from RM122.16 million in the preceding year corresponding period to RM62.67 million in the current period. The decrease was mainly due to completion of Encorp Strand Garden Office in the preceding period. Accordingly, the profit before tax for the division was also decrease to RM29.03 million from RM37.38 million.

Construction

The increase in revenue from RM16.30 million recorded in 1H13 to RM44.59 million in 1H14 is mainly due to higher progress of works from new projects. Meanwhile, the revenue for in-house projects decreased by RM31.02 million to RM25.60 million in 1H14 from RM56.62 million in 1H13 is mainly due to completion of Encorp Strand Garden Office. Despite of the higher revenue, the division recorded a loss of RM0.82 million in 1H14 as compared to a profit before tax of RM0.96 million recorded in 1H13 due to addition depreciation and finance cost incurred for the acquisitions of plant & machinery and motor vehicle by way of hire purchase facilities.

Concession

The concession division recorded revenue of RM51.20 million in 1H14 (1H13 : RM52.83 million). The result of the division improved from profit before tax of RM0.51 million in 1H13 to RM1.61 million in 1H14 due to higher finance cost incurred for the Sukuk Murabahah issued in the preceding year.

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B2. Comparison with Immediate Preceding Quarter

The Group's revenue increased by RM25.85 million or 28% to RM119.14 million as compared to RM93.29 million registered in the preceding quarter. Meanwhile, the Group's profit before tax decreased by RM8.97 million to RM6.56 million in 2Q14 as compared to RM15.53 million in 1Q14. The decrease is mainly due to the recognition of the fair value gain of RM7.34 million 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. These regulatory measures are meant to curb speculation and not to restrict genuine demand, and hence, are not expected to affect the sustainable growth in the property sector over the longer term. However, the property market could be negatively impacted in the short term.

The Group will continue its focus on measures to increase operational efficiencies and to pursue innovative concepts to enhance its development and construction projects. A detail review of the operations of the Group will be undertaken in this endeavour, including potential acquisition of new land and properties, and entering into joint ventures for property development and new businesses. It is expected that the Group will also serve as a platform for its primary shareholder, to successfully undertake the development of several FELDA's landbank.

The business prospect will continue to be challenging. Barring any unforeseen circumstances, the Group expects to achieve satisfactory performance for the remaining of the financial year.

B4. Variance from forecast profit and profit guarantee

Not applicable.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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B5. Income tax expense

	Quarter ended		Year-to-date ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Income tax	(2,661)	(7,416)	(5,873)	(9,708)
Deferred tax	(956)	603	(2,784)	974
	<u>(3,617)</u>	<u>(6,813)</u>	<u>(8,657)</u>	<u>(8,734)</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.

B6. Disposal of unquoted investments and properties

There were no other disposal of unquoted investments and/or properties for the financial period ended 30 June 2014.

B7. Borrowings and debt securities

	As at 30.06.2014 RM'000
Current	
Sukuk Murabahah	107,413
Term loan	98,151
Overdraft	9,314
Revolving credit	28,350
Obligations under finance leases and hire purchases	918
RCSLS - liability component	404
	<u>244,550</u>
Non-current	
Sukuk Murabahah	938,522
Term loan	142,616
Obligations under finance leases and hire purchases	7,394
RCSLS - liability component	7,017
	<u>1,095,549</u>
Total Group's loans and borrowings	<u>1,340,099</u>

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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.

B9 Dividends

The Board of Directors do not recommend any dividend for the quarter ended 30 June 2014.

B10 Profit for the period

	Quarter and Year-to-date ended	
	30.06.2014	30.06.2013
	RM'000	RM'000
The profit before tax is arrived at after charging / (crediting):		
a) Interest income	(2,753)	(4,626)
b) Other income	(7,805)	(94)
c) Interest expense	57,943	58,172
d) Depreciation and amortisation	1,994	1,136
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	-	2,193
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.

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B11 Retained Earnings

	As at 30.06.2014 RM'000	As at 30.06.2013 RM'000
Group		
Realised	318,166	272,532
Unrealised	14,076	975
	<u>332,242</u>	<u>273,507</u>
Consolidation adjustments	(319,933)	(245,500)
Total retained earnings	<u>12,309</u>	<u>28,007</u>

B12 Earnings per share ("EPS")

a) Basic EPS

	Quarter ended		Year-to-date ended	
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Profit/(loss) attributable to owners of the parent	1,506	12,791	8,863	8,919
Weighted average number of ordinary shares in issue	230,286	218,123	226,700	218,123
Basic EPS (sen)	<u>0.65</u>	<u>5.86</u>	<u>3.91</u>	<u>4.09</u>

b) Diluted EPS

Profit/(loss) attributable to owners of the parent	1,506	12,791	8,863	8,919
Effect on earnings upon conversion of RCCLS	1,244	1,355	2,434	2,659
	<u>2,750</u>	<u>14,146</u>	<u>11,297</u>	<u>11,578</u>
Weighted average number of ordinary shares in issue	230,286	218,123	226,700	218,123
Effect of dilution	43,483	98,559	43,483	98,559
Adjusted weighted average number of ordinary shares in issue and issuable	<u>273,769</u>	<u>316,682</u>	<u>270,183</u>	<u>316,682</u>
Diluted EPS (sen)	<u>N/A</u>	<u>4.47</u>	<u>N/A</u>	<u>3.66</u>

The effect on the diluted earnings per share for the current 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 25 August 2014.

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

Lee Lay Hong
Company Secretary

25 August 2014