



(506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE
ENDED 30 SEPTEMBER 2016**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2016**

	Quarter ended		Year-to-date ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	78,957	38,060	214,481	150,622
Cost of sales	(39,477)	(7,843)	(94,280)	(48,052)
Gross profit	39,480	30,217	120,201	102,570
Other income	254	2,112	6,650	5,113
Marketing and distribution expenses	(1,159)	(448)	(2,718)	(1,424)
Administrative expenses	(7,440)	(8,100)	(22,645)	(19,823)
Other expenses	(280)	(278)	(708)	(937)
Finance costs	(24,542)	(24,513)	(78,446)	(79,881)
Profit/(Loss) before exceptional items and tax	6,313	(1,010)	22,334	5,618
Exceptional items	-	11,161	-	11,161
Profit / (Loss) before tax	6,313	10,151	22,334	16,779
Income tax expense	(2,548)	(908)	(9,805)	(5,319)
Profit from continued operations, net of tax	3,765	9,243	12,529	11,460
Loss from discontinued operation, net of tax	-	(2,347)	-	(14,358)
Profit / (Loss) net of tax	3,765	6,896	12,529	(2,898)
Other comprehensive income, net of tax				
Foreign currency translation	(887)	(1,537)	(92)	(1,315)
Total comprehensive income for the year	2,878	5,359	12,437	(4,213)
Profit / (Loss) attributable to:				
Owners of the parent	4,090	8,176	11,767	(3,034)
Non-controlling interest	(325)	(1,280)	762	136
	3,765	6,896	12,529	(2,898)
Total comprehensive income attributable to:				
Owners of the parent	3,203	6,639	11,675	(4,349)
Non-controlling interest	(325)	(1,280)	762	136
	2,878	5,359	12,437	(4,213)
Earnings per share attributable to owner of the parent (sen)				
Basic	1.47	2.93	4.22	(1.09)
Diluted	N/A	-	N/A	-

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	As at 30.09.2016	As at 31.12.2015
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	6,988	7,536
Intangible assets	25,088	25,234
Land held for property development	70,351	93,028
Completed investment property	324,860	324,860
Trade receivables	913,985	922,472
Deferred tax assets	1,989	4,339
	<u>1,343,261</u>	<u>1,377,469</u>
Current assets		
Property development costs	82,372	73,347
Inventories	69,847	69,737
Tax recoverable	9,218	8,981
Trade and other receivables	131,415	90,194
Other current assets	53,086	113,345
Investment security	109,515	109,961
Cash and bank balances	25,501	17,690
	<u>480,954</u>	<u>483,255</u>
Asset of disposal group classified as held for sale	24,171	28,224
	<u>505,125</u>	<u>511,479</u>
Total assets	<u>1,848,386</u>	<u>1,888,948</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 (contd.)**

	As at 30.09.2016	As at 31.12.2015
	RM'000	RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	113,553	145,597
Provision	14,995	10,243
Other current liabilities	2,416	3,692
Loans and borrowings	309,463	136,022
Income tax payables	827	10
	<u>441,254</u>	<u>295,564</u>
Liabilities directly associated with disposal group classified as held for sale	1,251	1,251
	<u>442,505</u>	<u>296,815</u>
Non-current liabilities		
Trade payables	9,004	7,730
Loans and borrowings	895,718	1,094,855
Deferred tax liabilities	3,221	4,050
	<u>907,943</u>	<u>1,106,635</u>
Total liabilities	<u>1,350,448</u>	<u>1,403,450</u>
Equity attributable to owners of parent		
Share capital	278,648	278,645
Treasury shares	(327)	(327)
Share premium	104,302	104,302
Other reserves	850	4,582
Retained profit	22,561	7,154
	<u>406,034</u>	<u>394,356</u>
Non-controlling interest	91,904	91,142
Total equity	<u>497,938</u>	<u>485,498</u>
Total equity and liabilities	<u>1,848,386</u>	<u>1,888,948</u>
Net assets per share attributable to owner of the parents (RM)	<u>1.46</u>	<u>1.42</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

RM'000	← Non-distributable			→ Distributable						
	Share capital	Share premium	Treasury shares	Warrants reserves	Foreign currency translation reserve	Other reserves, total	Retained Profit	Total	Non-controlling interest	Total equity
At 1 January 2016	278,645	104,302	(327)	3,640	942	4,582	7,154	394,356	91,142	485,498
Total comprehensive income for the period					(92)	(92)	11,767	11,675	762	12,437
Transaction with owners:										
Transfer to retained profit upon expiry of warrants.				(3,640)		(3,640)	3,640	-	-	-
Conversion of RCCLS	3					-	-	3	-	3
At 30 Sept 2016	278,648	104,302	(327)	-	850	850	22,561	406,034	91,904	497,938
At 1 January 2015	278,645	103,044	(4,559)	3,640	(2,027)	1,613	5,774	384,517	87,006	471,523
Total comprehensive income for the period (restated)	-	-	-	-	(1,315)	(1,315)	(3,034)	(4,349)	136	(4,213)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(450)	(450)
Transaction with owners:										
Disposal of Treasury Shares	-	1,258	4,232	-	-	-	-	5,490	-	5,490
At 30 Sept 2015	278,645	104,302	(327)	3,640	(3,342)	298	2,740	385,658	86,692	472,350

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Year-to-date ended	
	30.09.2016	30.09.2015
	RM'000	RM'000
Cash flows from operating activities		
Profit / (Loss) before taxation	22,334	5,618
Adjustments:		
Depreciation	563	737
Amortisation of intangible assets	145	200
Loss on disposal of property, plant and equipment	-	17
Reversal of impairment of trade receivables	(1,317)	-
Interest expenses	78,446	79,881
Gain on disposal of investment security	(96)	(165)
Distribution income from money market investment security	(3,133)	(3,080)
Interest income	(468)	(583)
Operating profit before working capital changes	96,474	82,625
Changes in working capital:		
Net changes in current assets	28,704	5,042
Net changes in current liabilities	(27,294)	(3,992)
Net changes in property development cost	(9,291)	(4,310)
Cash generated from operations	88,593	79,365
Income tax paid	(7,634)	(10,252)
Interest paid	(7,870)	(5,681)
Net cash generated from operating activities	73,089	63,432

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (contd.)**

	Year-to-date ended	
	30.09.2016	30.09.2015
	RM'000	RM'000
Cash flows from investing activities		
Interest received	468	583
Proceeds from disposal of property, plant and equipment	26,981	3,088
Distribution income received	3,133	3,080
Decrease / (Increase) in investment security	542	(26,665)
Net cash generated from investing activities	31,124	(19,914)
Cash flows from financing activities		
Redemption of RCSLS and payment of RCSLS Coupon	(11,357)	(476)
Conversion of RCSLS	3	-
Repayment of Sukuk Murabahah	(70,733)	(67,044)
Withdrawal of deposits pledged	1,988	3,848
Net proceeds from sale of treasury shares	-	5,491
Repayment of loans and borrowings	(14,150)	(3,837)
Net payment of finance hire purchase	(31)	(1,459)
Net cash used in from financing activities	(94,280)	(63,477)
Net decrease in cash and cash equivalents	9,933	(19,959)
Effect of exchange rate changes	(204)	(1,314)
Cash and cash equivalents at beginning of period	12,106	35,481
Cash and cash equivalents at end of period	21,835	14,208
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,690	4,606
- Licensed corporation	4,722	84
Cash and bank balances	18,089	15,675
	25,501	20,365
Less: Bank overdrafts	(1,487)	(1,466)
Bank balances and deposits pledged / designated	(2,179)	(4,691)
Cash and cash equivalents at end of period	21,835	14,208

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

The condensed consolidated interim financial statements (“Condensed Report”), other than for financial instruments have been prepared under the historical cost convention. Financial instruments are carried at fair value in accordance to Financial Reporting Standard (“FRS”) 9 *Financial Instrument* and FRS 139 *Financial Instruments: Recognition and Measurement*.

This Condensed Report has also 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.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the Condensed Report 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 2015.

A2. Significant accounting policies

The significant accounting policies adopted in the preparation of the Condensed Report are consistent with those used in preparing the audited financial statements for the year ended 31 December 2015, except for 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 2016.

a) Standards Amendments and Annual Improvement to standards effective for the financial periods beginning on or after 1 January 2016

Annual Improvements to FRSs 2012-2014 Cycle

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 101: Disclosure Initiative

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

FRS 14: Regulatory Deferral Accounts

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (contd.)

A2. Significant accounting policies (cont'd)

b) FRS, IC Interpretations and Amendments to IC Interpretation but not yet effective

Effective for financial periods beginning on or after 1 January 2018

FRS 9: Financial Instruments
FRS 15 Revenue from Contracts with Customers

c) 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 entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall 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 2017. In presenting its first MFRS financial statements, the Group and the Company will be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2017.

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2015 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (contd.)

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 quarter ended 30 September 2016.

A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended 30 September 2016 except for the following:

a) Treasury shares

As at 30 September 2016, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next Sukuk Murabahah principal and profit payment amounting to RM65.2 million is scheduled in November 2016.

The Sukuk Murabahah was issued by a subsidiary company, ESSB to refinance the entire 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) Redeemable Convertible Secured Loan Stocks (RCSLS)

The RCSLS has matured on 17 March 2016 ("Maturity Date"). 10,566,780 RCSLS which were not converted by the maturity date have been redeemed by Encorp at 105.95% of the nominal value of such RCSLS.

d) Warrant 2011/2016

The warrants have expired on 17 March 2016 ("Expiry Date"). Any warrants which were not exercised by the Expiry Date have been lapsed and become null and void and ceased to be valid for any purpose.

A7. Dividend paid

No dividend was paid during the quarter ended 30 September 2016.

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(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (contd.)

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the year ended 30 September 2016 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Facilities management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Revenue								
External customers		70,742	128,400	4,524	6,132	4,683		214,481
Inter-segment	8,626			1,082			(9,708)	-
Total Revenue	8,626	70,742	128,400	5,606	6,132	4,683	(9,708)	214,481
Results:								
Segment results	(4,678)	73,068	32,279	1,322	457	(637)	(791)	101,020
Interest income	1,213	48	411	3	2	-	(1,209)	468
Interest expense	(2,555)	(70,408)	(1,942)	(4,654)	-	(96)	1,209	(78,446)
Depreciation and amortisation	(431)	-	(59)	(90)	-	(52)	(76)	(708)
Profit / (Loss)before tax	(6,451)	2,708	30,689	(3,419)	459	(785)	(867)	22,334

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134 (contd.)

A9. Material events subsequent to the balance sheet date

There was no material events subsequent to the financial period ended 30 September 2016 up to the date of this report.

A10. Changes in the composition of the Group

On 8 January 2016, Encorp Must Sdn Bhd (“EMS B”), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each fully paid-up in the capital of Encorp Bukit Katil Sdn Bhd (“EBKSB”) at a total purchase consideration of RM2.00 only from Dato’ Haji Zakaria bin Nordin and Encik Wan Azman bin Wan Abbas (the “Acquisition”).

Following the Acquisition, EBKSB became an indirect wholly-owned subsidiary of Encorp. The Acquisition is intended for Encorp’s future expansion in its core business of property development.

EBKSB was incorporated as a private company limited by shares on 14 December 2015. The authorised share capital of EBKSB is RM400,000 divided into 400,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of EBKSB is RM2.00 divided into 2 ordinary shares of RM1.00 each. EBKSB has not commenced business since its incorporation.

A11. Changes in contingent liabilities

	As at 30.09.2016 RM'000	As at 30.09.2015 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	31,163	79,260
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	4,345
Corporate guarantee given to suppliers in favour of credit facility granted to subsidiaries	-	4
	<u>31,163</u>	<u>83,609</u>

A6. Capital commitments

There was 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

**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 (3Q16 vs. 3Q15).

Resulting from the implementation of rationalisation plans of the Group's activities and projects, the revenue for the quarter ended 30 September 2016 ("3Q16") has improved significantly to RM79.0 million, a 107% increase compared to the same quarter ended 2015 ("3Q15"). Coupled with close monitoring and effective management of the indirect and direct costs of the Group, the profit before taxation ("PBT") has correspondingly increased to RM6.3 million compared to a loss before exceptional item and taxation of RM1.0 million for the 3Q15.

Property Development

Part of the said rationalisation plans implemented by Management have positively contributed to improved returns from the Property Development division, particularly the Encorp Marina Puteri Harbour project in Johor, which has recorded revenue of RM49.3 million for the 3Q16, as compared to RM11.3 million in the 3Q15. This contributed to the sharp improvement of the PBT to RM5.8 million, compared to a loss before taxation of RM4.3 million in the same period last year.

Investment Property

The continuing sluggish consumer sentiments have resulted with lower occupancy and rentals from the Strand Mall. Although the revenue contribution is not significant to the overall result of the Group, management shall continue to review the operational activities of the Strand Mall, with the effort of improving the footfall and hence the returns to the Group.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B1. Performance review (contd.)

**a. Performance of the current quarter against the preceding year corresponding quarter
(3Q16 vs. 3Q15) (contd.)**

Concessionaire

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period. Accordingly, the Group is compensated in the form of interest as a result of the extended repayment period. The interest income from concession is recognised as revenue using the effective interest method.

The concession division recorded revenue and PBT of RM23.3 million and RM2.3 million respectively in 3Q16 as compared to revenue and PBT of RM24.3 million and RM2.7 million respectively in 3Q15.

Facilities Management

The facilities management division is a newly set up division of the Group. The principal activity of this division is to provide upkeep and maintenance services to investment property assets of the FELDA Group.

For the quarter under review, the division recorded a revenue of RM2 million and a PBT of RM11,000.

**b. Performance of the current financial period against the preceding year financial period
(9M16 vs. 9M15).**

The implementation of rationalisation plans of the Group's activities and projects has brought positive result to the Group. The revenue for the nine month period ended 30 September 2016 ("9M16") of RM214.5 million is RM63.9 million or 42% higher than the revenue of RM150.6 million recorded in preceding year financial period.

Coupled with close monitoring and effective management of the indirect and direct costs of the Group, the PBT has correspondingly increased to RM22.3 million compared to a profit before exceptional item and taxation of RM5.6 million for the 9m15.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

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

B1. Performance review (contd.)

**b. Performance of the current financial period against the preceding year financial period
(9M16 vs. 9M15) (contd.)**

Property Development

The revenue for the Property Development Division 9M16 of RM128.4 million has improved significantly as compared to revenue of RM69.4 million for 9M15 resulting from the said rationalisation plans implemented by Management. Accordingly, the PBT of the Property Development division for current period improved significantly to RM30.7 million as compared to PBT of RM10.5 million in 9M15.

Investment Property

The continuing sluggish consumer sentiments have resulted with lower occupancy and rentals from the Strand Mall. Management shall continue to review the operational activities of the Strand Mall, with the effort of improving the footfall and hence the returns to the Group.

Concessionaire

The concession division recorded revenue and PBT of RM70.7 million and RM2.7 million respectively in 9M16 as compared to revenue and PBT of RM73.8 million and RM.3 million respectively in 9M15.

Facilities Management

The facilities management division is a newly set up division of the Group. The principal activity of this division is to provide upkeep and maintenance services to investment property assets of the Group.

B2. Comparison with Immediate Preceding Quarter

With the progress of the Encorp Marina Puteri Harbour project back on track due to the successfully implemented catch-up plan, the Group's revenue for the current quarter maintained at RM79.0 million with a profit before tax of RM6.3 million as compared to the good result of RM90.4 million revenue and RM15.1 million profit before tax in last quarter.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B3. Commentary on prospects

The property sector is expected to remain challenging in light of the stringent lending rules imposed by banks and oversupply in certain property sub-sector market. Additionally certain sub sectors e.g. finance and oil & gas that are traditionally the take-out sources for office spaces in the Klang Valley are now holding back given the cautious sentiments of the economy.

With these challenges ahead, the Group will focus on measures to increase efficiencies and to pursue innovative concepts to enhance its development projects such as the Bukit Katil township development that the Group recently embarked via a Master Development Agreement signed between the Group and FELDA.

The Group will also explore new avenue of revenue sources such as industrial property sub-sector market in view of the challenges in the residential and commercial sub-sector, and would continuously review its operations, including potential acquisition of new land and properties at various strategic location with high growth potential, entering into joint ventures with established and reputable partners to fast track the high value township development and rationalisation of existing business.

B4. Variance from forecast profit and profit guarantee

Not applicable.

B5. Income tax expense

	Quarter ended		Year-to-date ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Income tax	(4,840)	(701)	(11,326)	(4,950)
Deferred tax	2,292	(207)	1,521	(369)
	<u>(2,548)</u>	<u>(908)</u>	<u>(9,805)</u>	<u>(5,319)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% 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.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B6. Disposal of unquoted investments and properties

There were no disposal of unquoted investments and/or properties for the financial period ended 30 September 2016.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial period ended 30 September 2016.

B8. Status of corporate proposals

There were no pending corporate proposals during the financial period ended 30 September 2016

B9. Borrowings and debt securities

	As at 30.09.2016	
	Current	Non-current
	RM'000	RM'000
Secured		
Sukuk Murabahah	206,996	779,954
Term loan	55,117	115,693
Obligations under finance leases and hire purchases	13	71
Revolving credit	45,850	-
Bank overdraft	1,487	-
	<u>309,463</u>	<u>895,718</u>

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B10. Changes in material litigation

The Group has no outstanding material litigation for the financial period ended 30 September 2016.

B11. Dividends

The Board of Directors did not recommend any dividend for the quarter ended 30 September 2016.

B12. Profit for the period

	Quarter ended 30.09.2016 RM'000	Year-to-date ended 30.09.2016 RM'000
The profit/loss is arrived at after charging / (crediting):		
a) Interest income	(103)	(468)
b) Other income	(151)	(6,182)
c) Interest expense	24,542	78,446
d) Depreciation and amortisation	280	708
e) Provision for and write off of receivables	-	-
f) Provision for and write off of inventories	-	-
g) Loss/(gain) on disposal of quoted or unquoted investments or properties	153	(96)
h) Loss/(gain) on property, plant & equipment	-	-
i) Loss/(gain) on intangible assets	-	-
j) Impairment of goodwill	-	-
k) Foreign exchange gain or loss	-	-
l) Gain/loss on derivatives; and	-	-
m) exceptional items	-	-

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 SEPTEMBER 2016 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B13. Retained Earnings

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Group		
Realised	232,508	224,310
Unrealised	115,692	105,750
	<u>348,200</u>	<u>330,060</u>
Consolidation adjustments	(325,639)	(322,906)
Total retained earnings	<u>22,561</u>	<u>7,154</u>

B14. Earnings per share ("EPS")

a) Basic EPS

	Quarter ended		Year-to-date ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Profit/(Loss) attributable to owners of the parent	<u>4,090</u>	<u>8,176</u>	<u>11,767</u>	<u>(3,034)</u>
Weighted average number of ordinary shares in issue	<u>278,648</u>	<u>278,645</u>	<u>278,648</u>	<u>278,645</u>
Basic EPS (sen)	<u>1.47</u>	<u>2.93</u>	<u>4.22</u>	<u>(1.09)</u>

b) Diluted EPS

Upon the maturity of RCSLS and the expiry of Warrants, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial period is not presented.

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 SEPTEMBER 2016 (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B15. 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 November 2016.

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

Lee Lay Hong
Company Secretary

21 November 2016