



(506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 31 MARCH 2019**

| | Quarter and Year-to-date ended | |
|--|---|-------------------|
| | 31.03.2019 | 31.03.2018 |
| | RM'000 | RM'000 |
| Revenue | 40,305 | 57,752 |
| Cost of sales | (13,689) | (18,541) |
| Gross profit | <u>26,616</u> | <u>39,211</u> |
| Other income | 1,596 | 1,471 |
| Selling and marketing expenses | (228) | (200) |
| Administrative expenses | (9,257) | (10,948) |
| Finance costs | (21,116) | (22,580) |
| Other expenses | (191) | (216) |
| (Loss)/Profit before tax | <u>(2,580)</u> | <u>6,738</u> |
| Income tax expense | (602) | (3,975) |
| (Loss)/Profit net of tax | <u>(3,182)</u> | <u>2,763</u> |
| Other comprehensive (loss)/income | | |
| Foreign currency translation | 268 | 1,579 |
| Total comprehensive (loss)/income for the year | <u>(2,914)</u> | <u>4,342</u> |
| (Loss)/Profit attributable to: | | |
| Owners of the parent | (3,454) | 3,509 |
| Non-controlling interest | 272 | (746) |
| | <u>(3,182)</u> | <u>2,763</u> |
| Total comprehensive (loss)/income attributable to: | | |
| Owners of the parent | (3,186) | 5,088 |
| Non-controlling interest | 272 | (746) |
| | <u>(2,914)</u> | <u>4,342</u> |
| (Loss)/Earnings per share attributable to owner of the parent (sen) | | |
| Basic | <u>(1.17)</u> | <u>1.19</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

| | As at 31.03.2019 RM'000 | As at 31.12.2018 RM'000 |
|--|--|--|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 5,479 | 5,623 |
| Intangible assets | 13,571 | 13,606 |
| Investment properties | 303,620 | 303,620 |
| Investment in associate | 30 | 30 |
| Land held for property development | 481,292 | 478,744 |
| Trade and other receivables | 749,705 | 756,275 |
| Other investments | 4,343 | 4,384 |
| Deferred tax assets | 18,706 | 18,977 |
| | <u>1,576,746</u> | <u>1,581,259</u> |
| Current assets | | |
| Inventories | 153,817 | 159,072 |
| Contract assets | 18,676 | 18,338 |
| Tax recoverable | 603 | 584 |
| Trade and other receivables | 142,980 | 149,918 |
| Other current assets | 812 | 1,134 |
| Other investments | 129,881 | 111,689 |
| Cash and bank balances | 34,583 | 63,785 |
| | <u>481,352</u> | <u>504,520</u> |
| Asset of disposal group classified as held for sale | 100 | 100 |
| | <u>481,452</u> | <u>504,620</u> |
| Total assets | <u>2,058,198</u> | <u>2,085,879</u> |

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019 (contd.)**

| | 31.03.2019 | 31.12.2018 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Equity and liabilities | | |
| Current liabilities | | |
| Trade and other payables | 305,823 | 310,844 |
| Other current liabilities | 45,749 | 51,390 |
| Contract liabilities | 807 | 2,439 |
| Loans and borrowings | 117,805 | 116,093 |
| Income tax payable | 1,121 | 4,313 |
| | <u>471,305</u> | <u>485,079</u> |
| Liabilities directly associated with disposal group classified as held for sale | 950 | 950 |
| | <u>472,255</u> | <u>486,029</u> |
| Non-current liabilities | | |
| Trade and other payables | 246,378 | 256,462 |
| Loans and borrowings | 856,820 | 861,753 |
| Deferred tax liabilities | 1,857 | 2,215 |
| | <u>1,105,055</u> | <u>1,120,430</u> |
| Total liabilities | <u>1,577,310</u> | <u>1,606,459</u> |
| Equity attributable to owners of parent | | |
| Share capital | 397,280 | 392,898 |
| Treasury shares | (327) | (327) |
| Other reserves | 3,478 | 3,210 |
| Retained earnings | (4,426) | (972) |
| | <u>396,005</u> | <u>394,809</u> |
| Non-controlling interest | 84,883 | 84,611 |
| Total equity | <u>480,888</u> | <u>479,420</u> |
| Total equity and liabilities | <u>2,058,198</u> | <u>2,085,879</u> |
| Net assets per share attributable to owner of the parents (RM/share) | <u>1.35</u> | <u>1.34</u> |

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2019**

| | ← Non-distributable → | | | Distributable | | Non- controlling interest RM'000 | Total equity RM'000 |
|---|----------------------------|------------------------------|-----------------------------|------------------------------|-----------------|---|---------------------------|
| | Share capital RM'000 | Treasury shares RM'000 | Other reserves RM'000 | Retained Profit RM'000 | Total RM'000 | | |
| At 1 January 2019 | 392,898 | (327) | 3,210 | (972) | 394,809 | 84,611 | 479,420 |
| (Loss)/Income for the period | - | - | - | (3,454) | (3,454) | 272 | (3,182) |
| Other comprehensive income | - | - | 268 | - | 268 | - | 268 |
| Total comprehensive income/(loss) for the period | - | - | 268 | (3,454) | (3,186) | 272 | (2,914) |
| Transaction with owners: | | | | | | | |
| Private placement exercise | 4,382 | - | - | - | 4,382 | - | 4,382 |
| At 31 March 2019 | 397,280 | (327) | 3,478 | (4,426) | 396,005 | 84,883 | 480,888 |
| At 1 January 2018 | 392,898 | (327) | 1,064 | 1,322 | 394,957 | 86,345 | 481,302 |
| Income/(Loss) for the period | - | - | - | 3,509 | 3,509 | (746) | 2,763 |
| Other comprehensive income | - | - | 1,579 | - | 1,579 | - | 1,579 |
| Total comprehensive income/(loss) for the period | - | - | 1,579 | 3,509 | 5,088 | (746) | 4,342 |
| At 31 March 2018 | 392,898 | (327) | 2,643 | 4,831 | 400,045 | 85,599 | 485,644 |

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2019**

| | Year-to-date ended | |
|---|--------------------|------------|
| | 31.03.2019 | 31.03.2018 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| (Loss)/Profit before tax | (2,580) | 6,738 |
| <u>Adjustments:</u> | | |
| Depreciation | 156 | 171 |
| Amortisation of intangible assets | 35 | 45 |
| Interest expenses | 21,116 | 22,580 |
| Gain on disposal of investment security | (39) | (103) |
| Distribution income from money market investment security | (982) | (908) |
| Interest income | (179) | (313) |
| Reversal of liquidated and ascertained damages | - | (6,558) |
| Unrealized loss on forex | 448 | 3,044 |
| Operating profit before working capital changes | 17,975 | 24,696 |
| <u>Changes in working capital:</u> | | |
| Net changes in current assets | 14,353 | 31,885 |
| Net changes in current liabilities | (22,378) | 1,555 |
| Net changes in land held for property development and property development cost | 1,398 | (3,160) |
| Cash generated from operations: | 11,348 | 54,976 |
| Income tax paid | (3,900) | (1,670) |
| Interest paid | (1,628) | (1,781) |
| Net cash generated from operating activities | 5,820 | 51,525 |
| Cash flows from investing activities | | |
| Interest received | 218 | 313 |
| Purchase of property, plant and equipment | (12) | (9) |
| Distribution income received | 982 | 908 |
| (Placement in)/Withdrawal of investment security | (18,151) | 1,905 |
| Net cashflow generated (used in)/from investing activities | (16,963) | 3,117 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

| | Year-to-date ended | |
|--|----------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Cash flows from financing activities | | |
| Repayment of loans & borrowing | (22,709) | (3,505) |
| Withdrawal of deposits pledged | 2 | 125 |
| Private Placement | 4,382 | - |
| Net payment in finance lease payables | - | (11) |
| Net cashflow used in financing activities | <u>(18,325)</u> | <u>(3,391)</u> |
| Net decrease in cash and cash equivalents | (29,468) | 51,251 |
| Effect of exchange rate changes | 268 | 1,579 |
| Cash and cash equivalents at beginning of period | <u>60,957</u> | <u>19,242</u> |
| Cash and cash equivalents at end of period | <u><u>31,757</u></u> | <u><u>72,072</u></u> |
| Cash and cash equivalents comprise the followings: | | |
| Cash deposits placed with: | | |
| - Licensed banks | 2,895 | 2,826 |
| - Licensed corporation | 31 | 30 |
| Cash and bank balances | <u>31,657</u> | <u>72,538</u> |
| | 34,583 | 75,394 |
| Add: Disposal group held for sale | 100 | 97 |
| Less: Bank overdrafts | - | (563) |
| Bank balances and deposits pledged / designated | <u>(2,926)</u> | <u>(2,856)</u> |
| Cash and cash equivalents at end of period | <u><u>31,757</u></u> | <u><u>72,072</u></u> |

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

This condensed consolidated interim financial statements (“Condensed Report”) has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting, paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act 2016 in Malaysia.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. 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 2018.

A2. Summary of 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 2018, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2019.

a) Standards Amendments and Annual Improvement to standards effective for the financial periods beginning on or after 1 January 2019

| Description | Effective for annual periods beginning on or after |
|---|---|
| MFRS 16 Leases | 1 January 2019 |
| Amendments to MFRSs, Annual Improvement to MFRSs 2015 - 2017 Cycle | 1 January 2019 |
| Amendments to MFRS 9 Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 128 Long-term Interests in Associates and Joint-Ventures | 1 January 2019 |
| IC Interpretation 23 Uncertainty over Income Tax Payments | 1 January 2019 |
| Amendments to MFRS 119 Employee Benefits | 1 January 2019 |

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

A2. Summary of significant accounting policies (contd.)

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

| Description | Effective for annual periods beginning on or after |
|--|---|
| Amendments to MFRS 3 Business Combinations | 1 January 2020 |
| Amendments to MFRS 101 Presentation of Financial Statements | 1 January 2020 |
| Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2020 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2018 were not subject to any qualification.

A4. Comments about seasonal or cyclical factors

The Group's performance is not affected by any seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

Unrealised foreign exchange loss

Included in the results is an unrealised foreign exchange loss of RM0.4 million. This unrealised loss is from the weakening of the Australian dollar against the Malaysian Ringgit on the translation of the amount due from a foreign subsidiary.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended 31 March 2019 except for the following:

a) Treasury shares

As at 31 March 2019, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

Total repayment of Sukuk Murabahah's principal and profit payment amounting to RM139.1mil had been remitted in the financial year 2018 whereas the next principal and profit payment amounting to RM65.6 million is scheduled in May 2019.

The Sukuk Murabahah was issued in May 2012 by a subsidiary company, Encorp Systembilt Sdn Bhd ('ESSB') to refinance the entire amount outstanding under Al-Bai' Bithaman Ajil Notes and to fund the Trustee' Reimbursement Account.

The Sukuk Murabahah is secured by the assignment of the contract Concession Payments, a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary and a first ranking charge and assignment of the designated accounts which include an Escrow Account and a Finance Service Reserve Account. ESSB is a special purpose vehicle and these Sukuk Murabahah raised do not have any financial recourse to the Group.

c) Ordinary Shares

On the 7 September 2017, the company had issued 15,304,401 new ordinary shares via a Private Placement exercise and the issue price per share for the placement is RM0.65. The issuances of new ordinary shares in the exercise above represent the first tranche of the Private Placement exercise. The Company has subsequently on the 22 March 2019 completed the above private placement corporate proposal by issuing and listing the remaining 12,521,800 ordinary shares at RM0.35 each. Kindly refer to "B8. Status of corporate proposals" on page 15 for further elaboration on the private placement proposal.

A7. Dividend paid

No dividend was paid during the quarter ended 31 March 2019.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)

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

A8. Segmental information

The Group's segment revenue and results are presented by industry segments for the quarter ended 31 March 2019 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 | - | 20,240 | 18,651 | 1,348 | 66 | - | - | 40,305 |
| Inter-segment | 3,494 | - | - | 226 | - | - | (3,720) | - |
| Total Revenue | 3,494 | 20,240 | 18,651 | 1,574 | 66 | - | (3,720) | 40,305 |
| Results: | | | | | | | | |
| Segment results | (741) | 20,112 | 512 | (760) | (224) | (386) | (987) | 17,526 |
| Interest income | 921 | 1,025 | 2,575 | - | 1 | - | (3,321) | 1,201 |
| Interest expense | (494) | (19,488) | (2,042) | (2,406) | - | (7) | 3,321 | (21,116) |
| Depreciation and amortisation | (127) | - | (19) | (18) | (1) | (1) | (25) | (191) |
| Profit/(Loss) before tax | (441) | 1,649 | 1,026 | (3,184) | (224) | (394) | (1,012) | (2,580) |

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

A09. Material events subsequent to the balance sheet date

There was no material events subsequent to the financial period ended 31 March 2019 up to the date of this report.

A10. Changes in the composition of the Group

There is no material change in the composition of the Group for the financial period ended 31 March 2019 up to the date of this report.

A11. Changes in contingent liabilities

| | 31.03.2019 | 31.03.2018 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| Contingent liabilities: | | |
| Corporate guarantee given to banks for credit facilities granted to subsidiaries | <u>11,828</u> | <u>5,660</u> |

A12. 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (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
(1Q19 vs. 1Q18)**

The Group's revenue for the quarter ended 31 March 2019 ("1Q19") of RM40.3 million is 30% lower than the previous year's quarter ended 31 March 2018 ("1Q18") revenue of RM57.8 million.

However the loss before tax for 1Q19 of RM2.6 million is lower as compared to the profit before tax of 1Q18 of RM6.7 million. This is a 139% or RM9.3 million decrease as compared to the last year's corresponding quarter.

Further details of the performance are available under the segment review below.

Property Development

The division recorded revenue of RM18.7 million for the quarter 1Q19, as compared to the revenue of RM32.5 million in 1Q18. This is a decrease of RM13.8 million or by 42%.

The profit before tax for the division in 1Q19 is RM1.0 million and is lower than the prior year's corresponding quarter of a profit before tax of RM10.4 million. This is a decrease of 90% or RM9.4 million. The decrease in revenue and profit before tax for the division is because of the decrease in contribution from its on-going projects.

Investment Property

The revenue for the investment property division in 1Q19 is RM1.3 million which is lower by RM0.2 million than the revenue of RM1.5 million for 1Q18.

The management constantly reviews its efforts and plans in order to improve the occupancy rate as well as footfall traffic in the shopping mall in this challenging current retail environment.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (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
(1Q19 vs. 1Q18) (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 of RM20.2 million in 1Q19 as compared to revenue of RM21.6 million respectively in 1Q18.

B2. Comparison with Immediate Preceding Quarter

The revenue for the Group for 1Q19 of RM40.3 million is lower by RM64.3 million as compared to revenue for 4Q18 of RM104.6 million. However, the loss before tax for 1Q19 of RM2.6 million is lower by RM2.8 million as compared to the loss before tax for 4Q18 of RM5.4 million.

This decrease in revenue is mainly due to the decrease in work performance by the property division for the first quarter. However profitability for the first quarter is higher than compared to the fourth quarter due to impairments in the investment property, intangible asset, inventory and land held for development which was recorded in the fourth quarter.

B3. Commentary on prospects

The World Bank Group has maintained Malaysia's 2019 gross domestic product (GDP) growth forecast at 4.7% which is the same rate of growth in 2018. For the property sector, the government have introduced several policy changes that affect the property sector such as RPGT revision, stamp duty exemption for first time house buyers for properties priced between RM300,000 to RM1 million and the removal of GST. The stamp duty exemption for first time house buyers would assist greatly in addressing the overhang in properties of around the RM1 million mark.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

B3. Commentary on prospects (contd.)

Despite the initiatives by the government in addressing the property overhang, the outlook of the property sector is expected to remain challenging for 2019 with high overhang in certain subsectors. Landed residential development activity within the Klang valley continues to remain active as demand remains strong whereas high rise residential development could be under pressure due to concern of rising of overhang for this development type.

The company shall continue to refine and introduce various marketing and pricing strategies to clear the unsold stocks. As the landed residential development market continues to remain active, the company shall continue to launch its projects in Cahaya Alam which is located in a mature township coupled with excellent access.

B4. Variance from forecast profit and profit guarantee

Not applicable.

B5. Income tax expense

| | Quarter and Year-to-date ended | |
|--------------|---|-------------------|
| | 31.03.2019 | 31.03.2018 |
| | RM'000 | RM'000 |
| Income tax | 12,200 | (12,338) |
| Deferred tax | (12,802) | 8,363 |
| | <u>(602)</u> | <u>(3,975)</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.

B6. Disposal of unquoted investments, assets and properties

There were no disposal of unquoted investments and/or properties for the financial period ended 31 March 2019.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial period ended 31 March 2019.

B8. Status of corporate proposals

On the 27 February 2017, MIDF Amanah Investment Bank Berhad ('MIDF Investment') on behalf of the Board of Directors of Encorp had announced that the Company propose to undertake a private placement of up to 27,864,801 new ordinary shares in Encorp, representing ten per cent of the total number of issued shares of Encorp (excluding treasury shares).

MIDF Investment had also on 17 March 2017 on behalf of Encorp submitted the listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ('Bursa Securities') which was duly approved by Bursa Securities vide its letter dated 24 March 2017.

On the 8 September 2017, the first tranche of the Private Placement has been completed following the listing of and quotation for 15,304,401 Placement Shares on the Main Market of Bursa Securities. The issue price per share for the placement is RM0.65.

Bursa Securities has vide its letter dated 30 October 2018, approved the application for an extension of time until 23 March 2019 to complete the implementation of the Private Placement.

The Company has subsequently on the 22 March 2019 completed the above private placement corporate proposal by issuing and listing the remaining 12,521,800 ordinary shares at RM0.35 each.

B9. Borrowings and debt securities

| | As at 31.03.2019 | |
|------------------|-------------------|-----------------------|
| | Current RM'000 | Non-current RM'000 |
| Secured | | |
| Sukuk Murabahah | 54,708 | 806,054 |
| Term loan | 13,501 | 50,766 |
| Bridging loan | 13,746 | - |
| Revolving credit | 35,850 | - |
| | <u>117,805</u> | <u>856,820</u> |

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

B10. Changes in material litigation

Must Ehsan Development Sdn Bhd ('MEDSB') has on 5th July 2018, served a Notice to Arbitrate dated 4th July 2018 on Bumimetro Construction Sdn Bhd ('BCSB') to refer MEDSB's claims on liquidated damages for delay to complete the Project and for classic penalty against BCSB to arbitration, pursuant to the provisions of the Conditions of Contract.

MEDSB is the employer who has awarded BCSB, the main contractor for main building works construction project known as "Cadangan Satu Blok Pembangunan Bercampur (Fasa 4) Yang Mengandungi:- 1) 1 Tingkat Basement, 2) 3 Tingkat Pusat Membeli-Belah, 3) 5 Tingkat Tempat Letak Kereta, 4) 1 Tingkat Pusat Kemudahan Awam, 5) 34 Tingkat Pangsapuri Servis Di Atas Lot PB1, Pusat Bandar 1, Kota Damansara, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan".

The arbitration proceeding is commenced against BCSB to seek, among others, the following relief:

- a) MEDSB's claim of RM24,630,000.00 for liquidated damages;
- b) MEDSB's claim of RM2,320,346.77 for increased cost incurred for appointment of 3rd party contractors;
- c) MEDSB's claim of RM3,000,000.00 for classic penalty;
- d) General Damages;
- e) Interest;
- f) Costs; and
- g) Any further and other reliefs the Tribunal may deem appropriate.

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 31 December 2018.

None of the directors and/or major shareholders of Encorp and/or persons connected with them has any interest, direct or indirect in the arbitration proceeding.

Details of the project, statement of claim and the development of the case can be found in the announcement dated 11th April 2018, 7th May 2018, 27th June 2018 and 6th July 2018.

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

B11. Dividends

The Board of Directors did not recommend any dividend for the quarter ended 31 March 2019.

B12. Profit for the period

| | Quarter and Year-to-date ended 31.03.2019 RM'000 |
|---|---|
| The profit/loss is arrived at after charging/(crediting): | |
| a) Interest income | (1,201) |
| b) Other income | (396) |
| c) Interest expense | 21,116 |
| d) Depreciation and amortisation | 191 |
| e) Employee benefits | 3,704 |
| f) Unrealised loss on foreign exchange | 448 |
| g) Operating lease | |
| - premises | 535 |
| - equipment | 28 |
| - others | 8 |
| | <hr/> |

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019 (contd.)**

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

B13. Earnings/(Loss) per share ("EPS")

a) Basic EPS

| | Quarter and Year-to-date ended | |
|---|---|-------------------|
| | 31.03.2019 | 31.03.2018 |
| | RM'000 | RM'000 |
| (Loss)/Profit attributable to owners of the parent | <u>(3,454)</u> | <u>3,509</u> |
| Weighted average number of ordinary shares in issue | <u>294,261</u> | <u>293,952</u> |
| Basic EPS (sen) | <u>(1.17)</u> | <u>1.19</u> |

b) Diluted EPS

At the date of this report the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial period is not presented.

B14. 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 27 May 2019.

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

Lee Lay Hong
Company Secretary

27 May 2019