



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

ENCORP BERHAD

Company No. 200001004231(506836-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 30 SEPTEMBER 2023**

	Quarter ended		Period-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue	29,305	29,550	103,440	100,743
Cost of sales	(10,460)	(6,677)	(44,708)	(33,210)
Gross profit	18,845	22,873	58,732	67,533
Other income	2,708	1,497	6,281	3,490
Selling and marketing expenses	(1,641)	(3,846)	(2,510)	(5,191)
Administrative expenses	(6,662)	(4,644)	(16,246)	(14,296)
Finance costs	(15,300)	(16,447)	(44,194)	(48,965)
Other expenses	(563)	(600)	(1,728)	(1,770)
(Loss)/Profit before tax	(2,613)	(1,167)	335	801
Income tax	196	(1,812)	(3,085)	(7,237)
(Loss)/Profit net of tax	(2,417)	(2,979)	(2,750)	(6,436)
Other comprehensive income:				
Item that may be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operation	472	205	(660)	28
Item that will not reclassified to profit or loss in subsequent periods (net of tax):				
Gain on revaluation of office properties	-	-	5,869	-
Total comprehensive profit/(loss) for the period	(1,945)	(2,774)	2,459	(6,408)
Profit/(Loss) attributable to:				
Owners of the parent	(4,992)	(4,068)	(4,535)	(8,187)
Non-controlling interest	2,575	1,089	1,785	1,751
	(2,417)	(2,979)	(2,750)	(6,436)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent	(4,521)	(3,863)	674	(8,159)
Non-controlling interest	(135)	1,089	1,785	1,751
	(1,945)	(2,774)	2,459	(6,408)
Earnings/(Loss) per share attributable to owner of the parent (sen)				
Basic	(1.58)	(1.29)	(1.43)	(2.59)

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Assets		
Non-current assets		
Property, plant and equipment	3,871	5,523
Right-of-use assets	13,798	15,585
Intangible assets	122	152
Investment properties	299,554	291,780
Land held for property development	26,724	26,590
Trade and other receivables	387,038	457,023
Deferred tax assets	3,703	2,040
	<u>734,810</u>	<u>798,693</u>
Current assets		
Property development costs	33,424	31,681
Inventories	76,104	78,553
Contract assets	13,016	7,558
Tax recoverable	1,249	1,242
Trade and other receivables	128,858	107,011
Other current assets	802	398
Other investments	176,884	139,680
Cash and cash equivalents	22,151	36,070
	<u>452,488</u>	<u>402,193</u>
Total assets	<u>1,187,298</u>	<u>1,200,886</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 (contd.)**

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	70,466	69,540
Other current liabilities	3,823	3,823
Contract liabilities	3,923	3,923
Loans and borrowings	146,699	137,318
Income tax payable	-	906
	<u>224,911</u>	<u>215,510</u>
Non-current liabilities		
Trade and other payables	33,705	30,867
Loans and borrowings	497,614	526,524
Deferred tax liabilities	5,566	4,942
	<u>536,885</u>	<u>562,333</u>
Total liabilities	<u>761,796</u>	<u>777,843</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	29,098	23,889
Accumulated Loss	(93,177)	(88,642)
	<u>334,610</u>	<u>333,936</u>
Non-controlling interest	90,892	89,107
Total equity	<u>425,502</u>	<u>423,043</u>
Total equity and liabilities	<u>1,187,298</u>	<u>1,200,886</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.06</u>	<u>1.06</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 QUARTER ENDED 30 SEPTEMBER 2023**

	← Non-distributable →			Accumulated Loss	Total	Non-controlling interest	Total equity
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000				
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
Loss for the period	-	-	-	(4,535)	(4,535)	1,785	(2,750)
Other comprehensive income	-	-	5,209	-	5,209	-	5,209
Total comprehensive income/(loss) for the period	-	-	5,209	(4,535)	674	1,785	2,459
At 30 September 2023	399,016	(327)	29,098	(93,177)	334,610	90,892	425,502
At 1 January 2022	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844
Profit for the period	-	-	-	(8,187)	(8,187)	1,751	(6,436)
Other comprehensive loss	-	-	28	-	28	-	28
Total comprehensive (loss)/profit for the period	-	-	28	(8,187)	(8,159)	1,751	(6,408)
At 30 September 2022	399,016	(327)	23,589	(76,688)	345,590	88,846	434,436

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

	Period ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	335	801
<u>Adjustments:</u>		
Depreciation	1,698	1,743
Amortisation of intangible assets	30	27
Interest expenses	44,195	48,965
Gain on money market investment security	(3,264)	(2,106)
Distribution income from money market investment security	(550)	(133)
Interest income	(400)	(248)
Gain on disposal of property, plant and equipment	-	(29)
Deposit forfeited income	-	(216)
Gain on remeasurement of lease liabilities	(89)	-
Unrealised (gain)/loss on forex	(749)	52
Operating profit before working capital changes	41,206	48,856
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(1,877)	(19,074)
Inventories	2,449	6,275
Trade and other receivables	46,380	59,822
Contract assets and contract liabilities	(5,458)	26,432
Other current assets	(404)	387
Trade and other payables	2,973	4,061
Other current liabilities	-	(70)
Cash generated from operations	85,269	126,689
Tax paid	(2,281)	(4,057)
Interest paid	(2,518)	(2,689)
Net cash generated from operating activities	80,470	119,943

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)**

	Period ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
Cash flows from investing activities		
Interest received	400	248
Acquisition of property, plant and equipment	(501)	(966)
Acquisition of intangible assets	-	(89)
Additions on investment properties	(24)	28
Distribution income received	-	133
Placement of investment security	(33,390)	(44,651)
Net cashflow used in investing activities	<u>(33,515)</u>	<u>(45,297)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of loans and borrowings	8,158	(18,650)
Repayment of Sukuk Murabahah	(66,439)	(69,159)
Withdrawal of deposits	1,797	5
Net payment in finance lease payables	(1,933)	(1,918)
Net cashflow generated used in financing activities	<u>(58,417)</u>	<u>(89,722)</u>
Net decrease in cash and cash equivalents	(11,462)	(15,076)
Effect of exchange rate changes	(660)	23
Cash and cash equivalents at beginning of period	33,254	42,158
Cash and cash equivalents at end of period	<u>21,132</u>	<u>27,105</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	985	2,755
- Licensed corporation	34	33
Cash and bank balances	<u>21,132</u>	<u>27,105</u>
	22,151	29,893
Less: Bank balances and deposits pledged	<u>(1,019)</u>	<u>(2,788)</u>
Cash and cash equivalents at end of period	<u>21,132</u>	<u>27,105</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 ENDED 30 SEPTEMBER 2023****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 2022. 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 2022.

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 2022, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2023. The adoption of the following amendments to MFRS and IC Interpretations does not have significant impact to the unaudited condensed financial statements.

a) Amendments to MFRSs effective for the financial periods beginning on or after 1 January 2022

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A2. Summary of significant accounting policies (contd.)****b) MFRSs and Amendments to MFRSs but not yet effective**

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10 and MFRS 128 – Consolidated financial statements and Investment in Associates and joint venture	Deferred

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2022 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

There were no unusual items for the financial year 30 September 2023.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (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 except for the following:

a) Treasury shares

As at 30 September 2023, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM65.9 million is scheduled in November 2023.

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.

A7. Dividend paid

No dividend was paid during the quarter ended 30 September 2023.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (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 year ended 30 September 2023 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	38,648	57,489	4,131	-	3,172	-	103,440
Inter-segment	3,557	-	-	550	-	5,002	(9,109)	-
Total Revenue	3,557	38,648	57,489	4,681	-	8,174	(9,109)	103,440
Results:								
Segment results	(16,161)	37,533	13,174	(3,036)	(1,669)	(541)	12,743	42,043
Interest income	2,103	3,748	7,963	4	-	4	(9,608)	4,214
Interest expense	(1,675)	(39,183)	(5,373)	(7,552)	(14)	(5)	9,608	(44,194)
Depreciation and amortisation	(1,471)	(2)	(61)	(158)	-	(2)	(34)	(1,728)
(Loss)/Profit before tax	(17,204)	2,096	15,703	(10,742)	(1,683)	(544)	12,709	335

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A9. Material events subsequent to the balance sheet date**

There was no material events subsequent to the financial year ended 30 September 2023 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 year ended 30 September 2023 up to the date of this report.

A11. Changes in contingent liabilities

	30.09.2023	30.09.2022
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	<u>8,992</u>	<u>8,925</u>

A12. Capital commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at the end of the financial year.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (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
(Q3-2023 vs. Q3-2022)**

The Group generated total revenue of RM29.3 million, which was only slightly lower by 1% compared to the same period in the previous year when revenue was RM29.6 million. However, the Group's financial performance recorded a loss before tax of RM2.6 million in Q3-2023, an increase of RM1.4 million from the loss of RM1.2 million in Q3-2022.

The Group is currently facing challenges, primarily driven by an increase in development and construction costs, coupled with a noticeable rise of RM2 million in administrative expenses. These factors have collectively contributed to the higher loss before tax in Q3-2023.

Property Development

The property development segment remained the primary revenue driver for the Group, constituting 51% of the total Group revenue. During Q3-2023, it generated RM15.1 million in revenue, reflecting a 6% year-on-year revenue growth compared to RM14.2 million. The enhanced performance was fueled by contributions from residential projects, marked by increased on-site development activities in Cahaya Alam Project.

In the present quarter, the pre-tax profit for the segment experienced a slight decline, amounting to RM4.57 million, in comparison to the corresponding quarter of the previous year, which stood at RM4.59 million. This reduction is primarily linked to the rise in operating expenses.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (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
(Q3-2023 vs. Q3-2022) (contd.)****Investment Property**

The investment property retail segment exhibited an increase in rental income, increasing from RM 0.9 million in Q3-2022 to RM 1.2 million in Q3-2023, manifesting a robust growth of 35%.

Both Warna Avenue and Strand Mall within this segment have consistently achieved improvement in their occupancy rates. As of Q3-2023, the occupancy rate has improved by 10% and 29% respectively, compared to the corresponding period one year prior.

The segment's profitability exhibited a commendable 7% enhancement, underscoring the company's adeptness in executing a stringent cost-cutting and control strategy with regard to its rental properties. Nevertheless, heightened utility costs attributable to the imbalance cost pass-through ("ICPT") surcharge persist as a counterbalancing factor, exerting downward pressure on profits despite the burgeoning revenue within the investment property segment.

Concessionaire

The concession segment recorded a revenue of RM12.3 million in Q3-2023 as compared to RM14.4 million in Q3-2022.

Pursuant to the Privatisation Agreement, the concession income is payable by the Government following the completion and handover of each cluster of the teachers' quarters up to the end of the concession period.

Accordingly, the Group is compensated with deferred payment income from the concession and it is recognised as revenue.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B2. Comparison with Immediate Preceding Quarter**

The Group's financial performance in the third quarter of 2023 reveals a significant downturn compared to the immediate preceding quarter. The Group experienced a substantial decline in revenue from RM52.7 million in Q2-2023 to RM29.3 million in Q3-2023, indicating potential challenges in business activities.

There was a notable shift from profitability to loss, with a profit before tax of RM7.2 million in Q2-2023 turning into a loss of RM2.6 million in Q3-2023. The unfavorable performance is a result of increased operational and financial costs, adversely affecting the Group's overall profitability. This aligns with the ongoing challenges encountered by industry players, such as the upward trend in construction material costs, cross-subsidization practices, elevated compliance expenses, and increased utility costs.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects**

On 7 September 2023, the Monetary Policy Committee (MPC) of Bank Negara Malaysia announced its decision to keep the Overnight Policy Rate (OPR) steady at 3.00 percent, maintaining this rate throughout the year. This marked the third consecutive session in which the MPC opted to keep the rate unchanged. Despite the challenging economic conditions, the property market outlook for 2024 is expected to be optimistic. However, the continuous stability of the OPR is likely to moderate the current property supply and the recovery phase, aiming to control inflation.

While the economic outlook is moderating, the Group achieved total sales of RM52.1 million for the nine months ended 30 September 2023. Project Cahaya Alam accounts for 90% of units sold, followed by Encorp Marina Puteri Harbour and Cahaya Kristal 7% and 3% respectively.

With the Cahaya Alam development project launching its final phase, coupled with the ongoing advancements in projects such as Lamanda Chuping, there is a clear visibility of earnings in the near to mid-term future. Consequently, even in the face of the widespread impact of persistent inflation and higher interest rates on the global economic landscape, the Group maintains steadfast confidence in achieving a satisfactory overall performance for the fiscal year 2023.

Strand Mall and Warna Avenue have witnessed a notable upswing in retail segment occupancy rates. This resurgence is attributed to the successful execution of our dynamic marketing strategies, synergizing with the overall positive trajectory of economic recovery. Capitalizing on this trend, we anticipate a surge in the utilization of event spaces within the mall, paralleling the resurgence of economic activities.

In order to enhance visitor engagement and the appeal of our properties, we are intensifying our marketing efforts and diversifying our event offerings. Our commitment extends to bolstering tenant attraction and increasing occupancy rates through proactive leasing endeavors. This comprehensive strategy underscores our dedication to cultivating dynamic, prosperous environments that cater to the requirements of our customers and adapt to the changing economic landscape.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B4. Variance from forecast profit and profit guarantee**

Not applicable.

B5. Income tax

		Quarter ended	Period-to-date ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	527	(510)	(4,124)	(5,573)
Deferred tax	(331)	(1,302)	1,039	(1,664)
	<u>196</u>	<u>(1,812)</u>	<u>(3,085)</u>	<u>(7,237)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

B6. Disposal of unquoted investments, assets and properties

There were no disposal of unquoted investments and/or properties for the financial year ended 30 September 2023.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 30 September 2023.

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 30 November 2023.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	As at 30.09.2023	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	79,936	466,914
Term loan	18,500	15,280
Revolving credit	46,700	-
Lease liabilities	1,563	15,421
	<u>146,699</u>	<u>497,614</u>

B10. Changes in material litigation**(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd**

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) RM24,630,000.00 for liquidated damages;
- b) RM2,320,346.77 for increased cost incurred for appointment of 3rd party contractors;
- c) 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B11. Changes in material litigation (contd.)****(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd (contd.)**

Bumimetro has counterclaimed against MEDSB, among others, the sum of RM12,534,461.52 certified claims, RM6,810,054.96 being the uncertified progress claim, the sum of RM5,879,769.83 being the release of the 2nd moiety of the retention sum and general damages.

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 30 September 2023.

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.

(b) Encorp Iskandar Development Sdn Bhd and Konsortium Ipmines Merz Sdn Bhd

Encorp Iskandar Development Sdn Bhd ("EIDSB") has on 6th November 2019, served a Notice of Arbitration dated 6th November 2019 on Konsortium Ipmines Merz Sdn Bhd ("KIMSB") to refer EIDSB's claims on liquidated damages for delay to complete the Project to arbitration, pursuant to the provisions of the Conditions of Contract.

EIDSB is the employer who has awarded KIMSB, the main contractor for building works construction project known as "Cadangan Pembangunan Pangsapuri Servis (571 unit) Dan Ruang Niaga Yang Mengandungi: A) i) 1 Blok Podium 7 Tingkat Yang Terdiri Daripada: 1 Tingkat Bawah Lobi Utama Dan Ruang Perniagaan & 6 Tingkat Tempat Letak Kereta; ii) 1 Blok Pangsapuri Servis (Menara 1) 23 Tingkat (199 Unit) Berserta Dengan Kemudahan Rekreasi; B) i) 1 Blok Pangsapuri Servis 35 Tingkat (372 Unit) Yang Terdiri Daripada: 1 Tingkat Bawah Lobi Utama Dan Ruang Perniagaan, 4 Tingkat Lobi Utama Dan Ruang Servis & Pangsapuri Servis (Menara 2a) 30 Tingkat (364 Unit) Berserta Dengan Kemudahan Rekreasi; ii) 1 Blok Pangsapuri Servis (Menara 2b) 4 Tingkat (8 Unit) Berserta Dengan Kemudahan Rekreasi Di Atas Lot PTD 166961, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim" ("Project").

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B10. Changes in material litigation (contd.)****(b) Encorp Iskandar Development Sdn Bhd and Konsortium Ipmines Merz Sdn Bhd (contd.)**

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

- a) RM11,760,000.00 for liquidated damages;
- b) RM409,031.08 being the payment to third party contractors;
- c) RM13,084,610.00 being cost of rectifying the defective works and completing the outstanding works;
- d) RM112,110,789.00 being the loss of profits;
- e) In the alternative to (a), (b), (c) & (d) above, such other amount as assessed by the Arbitrator;
- f) Financing charges and/or interest charges on the monies spent on third party contractors;
- g) Opening up, review, revision and setting aside the architect's decisions and certifications;
- h) All cost and expenses incurred including solicitors' cost on an indemnity and party to party basis, interest and taxes; and
- i) General damages.

KIMSB has counterclaimed against EIDSB, among others, the sum of RM5,595,430.87 being certified claims, RM85,567.08 for GST and RM5,359,119.37 being the release of the retention sum.

Pending outcome of the Arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial gain or loss that could arise from the arbitration. This arbitration does not have any material financial impact on the Encorp Group for the time being.

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

Details of the notice of the arbitration can be found in the announcement dated 6th November 2019.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (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 30 September 2023.

B12. Profit for the period

	Quarter ended 30.09.2023 RM'000	Period-to-date ended 30.09.2023 RM'000
The profit/(loss) is arrived at after charging/(crediting):		
a) Interest income	(1,391)	(4,214)
b) Other income	(1,317)	(2,067)
c) Interest expense	15,300	44,194
d) Depreciation and amortisation	563	1,728
e) Employee benefits	4,089	10,652
f) Unrealised (gain)/loss on foreign exchange	856	(749)
g) Operating lease		
- premises	5	40
- equipment	11	50
- others	20	22
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (contd.)**

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

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

a) Basic EPS

	30.09.2023	Quarter ended 30.09.2022	Period-to-date ended 30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to owners of the parent	<u>(4,992)</u>	<u>(4,068)</u>	<u>(4,535)</u>	<u>(8,187)</u>
Weighted average number of ordinary shares in issue	<u>316,299</u>	<u>316,299</u>	<u>316,299</u>	<u>316,299</u>
Basic EPS (sen)	<u>(1.58)</u>	<u>(1.29)</u>	<u>(1.43)</u>	<u>(2.59)</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 year 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 30 November 2023.

By Order of the Board
ENCORP BERHAD
Company No. 200001004231 (506836-X)

Lee Lay Hong
Company Secretary

Date: 30 November 2023