



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024**

**ENCORP BERHAD**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER 31 MARCH 2024**

	Quarter and Period-to-date ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Revenue	29,621	21,397
Cost of sales	(658)	(5,503)
Gross profit	28,963	15,894
Other income	1,610	1,712
Selling and marketing expenses	(802)	(608)
Administrative expenses	(6,620)	(6,296)
Finance costs	(12,754)	(14,365)
Other expenses	(583)	(600)
Profit/(Loss) before tax	9,814	(4,263)
Income tax	(756)	(680)
Profit/(Loss) net of tax	9,058	(4,943)
<b>Other comprehensive income</b>		
Foreign currency translation	675	469
<b>Total comprehensive profit/(loss) for the year</b>	<b>9,733</b>	<b>(4,474)</b>
<b>Profit/(Loss) attributable to:</b>		
Owners of the parent	9,090	(4,288)
Non-controlling interest	(32)	(655)
	<b>9,058</b>	<b>(4,943)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>		
Owners of the parent	9,765	(3,819)
Non-controlling interest	(32)	(655)
	<b>9,733</b>	<b>(4,474)</b>
<b>Earnings/(Loss) per share attributable to owner of the parent (sen)</b>		
Basic	2.87	(1.36)

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 2023 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 31 MARCH 2024**

	As at 31.03.2024 RM'000	As at 31.12.2023 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,575	4,442
Right-of-use assets	12,853	13,309
Intangible assets	107	112
Investment properties	303,330	303,330
Land held for property development	27,645	27,514
Trade and other receivables	340,020	361,667
Deferred tax assets	3,695	3,688
	<u>692,225</u>	<u>714,062</u>
<b>Current assets</b>		
Property development costs	46,680	38,346
Inventories	69,802	75,573
Contract assets	12,920	14,063
Tax recoverable	240	180
Trade and other receivables	125,028	133,288
Other current assets	1,107	731
Other investments	165,501	138,145
Cash and cash equivalents	21,653	16,322
	<u>442,931</u>	<u>416,648</u>
<b>Total assets</b>	<u>1,135,156</u>	<u>1,130,710</u>

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2024 (contd.)**

	As at 31.03.2024 RM'000	As at 31.12.2023 RM'000
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	57,253	76,727
Other current liabilities	3,823	3,823
Contract liabilities	9,243	8,055
Loans and borrowings	167,216	165,308
Lease liabilities	1,662	1,664
Income tax payable	-	1,094
	<u>239,197</u>	<u>256,671</u>
<b>Non-current liabilities</b>		
Trade and other payables	31,402	30,402
Loans and borrowings	416,298	405,108
Lease liabilities	14,541	14,947
Deferred tax liabilities	5,194	4,791
	<u>467,435</u>	<u>455,248</u>
<b>Total liabilities</b>	<u>706,632</u>	<u>711,919</u>
<b>Equity attributable to owners of parent</b>		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	28,796	28,121
Accumulated Loss	(88,740)	(97,830)
	<u>338,745</u>	<u>328,980</u>
Non-controlling interest	89,779	89,811
<b>Total equity</b>	<u>428,524</u>	<u>418,791</u>
<b>Total equity and liabilities</b>	<u>1,135,156</u>	<u>1,130,710</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.07</u>	<u>1.04</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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Company No. 200001004231(506836-X)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2024**

	←	Non-distributable		→			
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated Loss RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>At 1 January 2024</b>	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791
Profit for the period	-	-	-	9,090	9,090	(32)	9,058
Other comprehensive profit	-	-	675	-	675	-	675
Total comprehensive profit/(loss) for the period	-	-	675	9,090	9,765	(32)	9,733
<b>At 31 March 2024</b>	399,016	(327)	28,796	(88,740)	338,745	89,779	428,524
<b>At 1 January 2023</b>	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
Loss for the period	-	-	-	(4,288)	(4,288)	(655)	(4,943)
Other comprehensive profit	-	-	469	-	469	-	469
Total comprehensive (loss)/profit for the period	-	-	469	(4,288)	(3,819)	(655)	(4,474)
<b>At 31 March 2023</b>	399,016	(327)	24,358	(92,930)	330,117	88,452	418,569

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2023 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 31 MARCH 2024**

	Period ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	9,814	(4,263)
<u>Adjustments:</u>		
Depreciation	573	593
Amortisation of intangible assets	10	7
Interest expenses	12,573	14,365
Gain on money market investment security	(853)	(1,223)
Distribution income from money market investment security	(315)	(53)
Interest income	(179)	(121)
Expected credit losses	48	-
Unwinding of discount		
on other liabilities at amortised cost	181	-
Unrealised loss on forex	1,003	670
Operating profit before working capital changes	22,855	9,975
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(8,465)	(4,478)
Inventories	5,771	1,601
Trade and other receivables	29,182	26,391
Contract assets and contract liabilities	2,331	(872)
Other current assets	(376)	(381)
Trade and other payables	(19,071)	(8,658)
Other current liabilities	-	(2,017)
Cash generated from operations	32,227	21,561
Tax paid	(1,509)	(2,871)
Interest paid	(1,189)	(873)
Net cash generated from operating activities	29,529	17,817

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2024 (contd.)**

	Period ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Interest received	179	121
Acquisition of property, plant and equipment	(250)	(111)
Acquisition of intangible assets	(5)	-
Additions on investment properties	-	(24)
Placement of investment security	(26,188)	(26,655)
Net cashflow used in investing activities	(26,264)	(26,669)
<b>Cash flows from financing activities</b>		
Net borrowing of loans & borrowing	2,044	4,206
Placement of deposits	19	1,826
Net payment in finance lease payables	(653)	(677)
Net cashflow generated from financing activities	1,410	5,355
Net increase/(decrease) in cash and cash equivalents	4,675	(3,497)
Effect of exchange rate changes	675	352
Cash and cash equivalents at beginning of period	15,273	33,254
Cash and cash equivalents at end of period	20,623	30,109
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	996	957
- Licensed corporation	34	33
Cash and bank balances	20,623	30,109
	21,653	31,099
Less: Bank balances and deposits pledged	(1,030)	(990)
<b>Cash and cash equivalents at end of period</b>	<b>20,623</b>	<b>30,109</b>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

## ENCORP BERHAD

Company No. 200001004231(506836-X)  
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### EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2024

#### 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 2023. 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 2023.

##### 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 2023, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2024. 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 2024

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 107 Statement of Cash Flows	1 January 2024
Amendments to MFRS 7 Financial Instruments	1 January 2024



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (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**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2025
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 2023 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 31 March 2024.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (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 31 March 2024, the total number of treasury shares held was 386,000.

**b) Sukuk Murabahah**

The next principal and profit payment amounting to RM69.3 million is scheduled in May 2024.

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 31 March 2024.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2024 (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 31 March 2024 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>								
External customers	-	11,235	16,513	1,725	-	148	-	29,621
Inter-segment	996	-	-	212	6,866	-	(8,074)	-
<b>Total Revenue</b>	<b>996</b>	<b>11,235</b>	<b>16,513</b>	<b>1,937</b>	<b>6,866</b>	<b>148</b>	<b>(8,074)</b>	<b>29,621</b>
<b>Results:</b>								
Segment results	(5,349)	10,655	14,959	(347)	1,157	1,955	(1,225)	21,803
Interest income	689	1,169	2,739	4	3	-	(3,255)	1,348
Interest expense	(553)	(11,032)	(1,847)	(2,573)	(3)	(5)	3,259	(12,754)
Depreciation and amortisation	(497)	(1)	(66)	(41)	(16)	(3)	41	(583)
<b>(Loss)/Profit before tax</b>	<b>(5,710)</b>	<b>791</b>	<b>15,785</b>	<b>(2,958)</b>	<b>1,140</b>	<b>1,946</b>	<b>(1,180)</b>	<b>9,814</b>

\* This segment represents facilities management, general trading and property investment divisions.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (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 31 March 2024 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 31 March 2024 up to the date of this report.

**A11. Changes in contingent liabilities**

	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contingent liabilities:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	9,258	8,848

**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 year.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (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  
(Q1-2024 vs. Q1-2023)**

The Group delivered a higher financial performance in Q1-2024, with revenues reaching RM29.6 million, marking a substantial increase of 38.3% compared to Q1-2023. This growth was primarily driven by the Property Development segment.

The Group's profit before tax for Q1-2024 was RM9.8 million, a significant improvement from a loss before tax of RM4.3 million in Q1-2023. This turnaround in profitability is largely attributable to a reversal of RM14 million on cost of sales provided in prior years now no longer required. This reversal had a positive impact on the financial outcomes for the period.

**Property Development**

Property Development segment recorded a significant revenue increase to RM16.5 million, marking a substantial growth of approximately 151% from RM6.6 million in Q1-2023.

The segment profit before tax rose to RM15.8 million, reflecting an increase from RM0.3 million in Q1-2023. This improvement was primarily attributable to a reversal of cost of sales of RM14 million, from a provision made in prior years now no longer required.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (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  
(Q1-2024 vs. Q1-2023) (contd.)****Investment Property**

The segment's revenue saw an increase to RM 1.7 million in Q1-2024, up from RM 1.4 million in Q1-2023, marking an increase by RM0.3 million. This revenue growth is attributed to improved occupancy rates and increased of rental rates at key properties such as Strand Mall and Warna Avenue.

With these positive developments in revenue, the segment's loss before tax showed an improvement, with losses reducing from RM3.5 million in Q1-2023 to RM3 million in Q1-2024, an enhancement of RM0.5 million.

**Concessionaire**

The concession division recorded a revenue of RM11.2 million in Q1-2024 as compared to a revenue of RM13.4 million in Q1-2023.

Pursuant to the Privatisation Agreement, the concession income is payable by the Government following 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 31 MARCH 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)****B2. Comparison with Immediate Preceding Quarter**

In Q1-2024, the Group posted a revenue increased of RM3.9 million from RM25.7 million to RM29.6 million, driven largely by an improved in property sales, which increase from RM4.6 million to RM16.5 million.

The Investment Properties segment recorded a slight growth, with revenue increased to RM1.7 million from RM1.1 million in the immediate preceding quarter. This increase of RM0.6 million in rental income was primarily attributed by enhanced occupancy rates and rental rate per square foot, making a contribution to the segment's overall revenue performance.

Conversely, revenue in the construction and facility management segment decreased by RM0.8 million from RM0.9 million in Q4-2023. The decline was due to inability to recognise construction revenue in Q1-2024 due to lack of progress on the replanting and logistic contract.

The Group's profit before tax showed a recovery, turning around from a loss of RM1.4 million in Q4-2023 to a profit of RM9.8 million in Q1-2024. The increase was mainly due to a reversal of cost of sales totaling RM14 million, related to provision made in prior years.

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### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2024 (contd.)**

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

##### **B3. Commentary on prospects**

Bank Negara Malaysia (BNM) projected that Malaysia's Gross Domestic Product (GDP) will expand between 4% and 5% in 2024, as compared with 3.7% in 2023, according to its Economic and Monetary Review 2023 report. Further, BNM on March 7 announced that the OPR would remain unchanged at 3%, a level it has maintained since July 2023. Following that, economists also maintained their initial projection that the OPR will be kept intact at 3% for the rest of the year. A stable overnight policy rate (OPR) by Bank Negara Malaysia (BNM) is positive for the property sector as it alleviates uncertainties for property developers to operate in a stable business environment.

The resilient domestic demand remains a driving force for Malaysia's economic growth, with continued employment and wage growth supportive of household spending. The projection is backed by the improvement of external demand fuelled by the rebound in global trade and the tech upcycle. Our property development sector continues to be a strong revenue driver, highlighted by the promising developments in Tilia final phase for Cahaya Alam and Kota Kinabalu.

Progress on the East Coast Rail Link, exceeding 62.4% completion and on schedule for completion in December 2026, presents opportunities for our joint venture development in Teluk Cempedak, Kuantan, Pahang. Positioned in the sought-after beach enclave of Teluk Cempedak, with the project slated for launch in the second half of 2024, we anticipate a positive market response to this venture.

Aligned with our commitment to fostering partnerships with key stakeholders such as FELDA and our strategic focus on executing essential projects for the community, the Group has reached a significant milestone by obtaining the Certificate of Completion and Compliance (CCC) for the construction and development of low-cost, low-medium, and commercial units in Lamanda Chuping Phase 1. As we look ahead, Phase 2 is slated to begin its planning in the latter part of the year, with a dedicated emphasis on medium-cost housing.

Moreover, the strategic partnership with FELDA on sustainable replanting and palm oil delivery projects is set to improve our operational efficiencies and reduce costs, which will positively impact our margins and profitability throughout the year 2024. This aligns with our ongoing efforts to optimise technologies in our palm oil mills, ensuring both environmental sustainability and economic efficiency.

The Investment Property segment has demonstrated resilience and promising growth potential, exemplified by rising rental occupancy rates at both Strand Mall and Warna Avenue. We anticipate the continuation and reinforcement of these favorable trends, further bolstering our income from this segment.



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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (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 and Period-to-date ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Income tax	(360)	(428)
Deferred tax	<u>(396)</u>	<u>(252)</u>
	<u>(756)</u>	<u>(680)</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 31 March 2024.

**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities for the financial year ended 31 March 2024.

**B8. Status of corporate proposals**

There was no corporate proposal announced but not completed as at 30 May 2024.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2024 (contd.)**

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

**B9. Borrowings and debt securities**

	<b>As at 31.03.2024</b>	
	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Sukuk Murabahah	92,813	412,390
Term loan	23,377	3,750
Revolving credit	50,994	-
Finance lease liabilities	32	158
	167,216	416,298

**B10. Changes in material litigation**

**(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd**

Must Ehsan Development Sdn Bhd ('MEDSB') had on 5<sup>th</sup> July 2018, served a Notice to Arbitrate on Bumimetro Construction Sdn Bhd ('BCSB') dated 4<sup>th</sup> July 2018 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 31 MARCH 2024 (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 2<sup>nd</sup> 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 31 March 2024.

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 11<sup>th</sup> April 2018, 7<sup>th</sup> May 2018, 27<sup>th</sup> June 2018 and 6<sup>th</sup> July 2018.

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

Encorp Iskandar Development Sdn Bhd ("EIDSB") has on 6<sup>th</sup> November 2019, served a Notice of Arbitration dated 6<sup>th</sup> 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 31 MARCH 2024 (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.

Konsortium Ipmines Merz Sdn Bhd ("KIMSB") had previously commenced an adjudication proceeding against Encorp Iskandar Development Sdn Bhd ("EIDSB") for a part of its counterclaim in the arbitration as above.

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**B10. Changes in material litigation (contd.)**

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

The Federal Court has on 4.12.2023 subsequently affirmed the Court of Appeal's decision in setting aside KIMSB's adjudication award of RM13,747,780.16 together with interest and cost and dismissed KIMSB's applications with cost of RM30,000.

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 31 MARCH 2024 (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 2024.

**B12. Profit for the period**

	<b>Quarter and Period-to-date ended 31.03.2024 RM'000</b>
The profit is arrived at after charging/(crediting):	
a) Interest income	(1,348)
b) Other income	(262)
c) Interest expense	12,754
d) Depreciation and amortisation	583
e) Employee benefits	3,892
f) Unrealised loss on foreign exchange	1,003
g) Operating lease	
- premises	1
- equipment	31
h) Expected credit losses on trade and other receivables	48
i) Unwinding of discount on other liabilities at amortised costs	<u>181</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED (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 Period-to-date ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent	9,090	(4,288)
Weighted average number of ordinary shares in issue	316,299	316,299
<b>Basic EPS (sen)</b>	<b>2.87</b>	<b>(1.36)</b>

## 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 May 2024.

By Order of the Board

**ENCORP BERHAD**

**Company No. 200001004231 (506836-X)**

**Lee Lay Hong**

Company Secretary

Date: 30 May 2024