



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024**

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 30 JUNE 2024**

	Quarter ended		Period-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	27,870	52,738	57,491	74,135
Cost of sales	(8,180)	(28,745)	(8,838)	(34,248)
Gross profit	19,690	23,993	48,653	39,887
Other income	1,640	1,861	3,250	3,573
Selling and marketing expenses	(1,318)	(261)	(2,120)	(869)
Administrative expenses	(3,882)	(3,288)	(10,502)	(9,584)
Finance costs	(12,673)	(14,529)	(25,427)	(28,894)
Other expenses	(588)	(565)	(1,171)	(1,165)
Profit before tax	2,869	7,211	12,683	2,948
Income tax	(929)	(2,601)	(1,685)	(3,281)
Profit/(Loss) net of tax	1,940	4,610	10,998	(333)
Other comprehensive income				
Revaluation of office building	-	5,869	-	5,869
Foreign currency translation	(723)	(1,601)	(48)	(1,132)
Total comprehensive income for the period	1,217	8,878	10,950	4,404
Profit/(Loss) attributable to:				
Owners of the parent	948	4,745	10,038	457
Non-controlling interest	992	(135)	960	(790)
	1,940	4,610	10,998	(333)
Total comprehensive income attributable to:				
Owners of the parent	225	9,013	9,990	5,194
Non-controlling interest	992	(135)	960	(790)
	1,217	8,878	10,950	4,404
Earning per share attributable to owner of the parent (sen)				
Basic	0.30	1.50	3.17	0.14

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 30 JUNE 2024**

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Assets		
Non-current assets		
Property, plant and equipment	4,471	4,442
Right-of-use assets	12,398	13,309
Intangible assets	97	112
Investment properties	303,330	303,330
Land held for property development	28,390	27,514
Trade and other receivables	310,396	361,667
Deferred tax assets	4,479	3,688
	<u>663,561</u>	<u>714,062</u>
Current assets		
Property development costs	35,993	38,346
Inventories	90,782	75,573
Contract assets	2,128	14,063
Tax recoverable	186	180
Trade and other receivables	132,065	133,288
Other current assets	881	731
Other investments	135,710	138,145
Cash and cash equivalents	27,833	16,322
	<u>425,578</u>	<u>416,648</u>
Total assets	<u>1,089,139</u>	<u>1,130,710</u>

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024 (contd.)**

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	70,572	76,727
Other current liabilities	3,823	3,823
Contract liabilities	14,070	8,055
Loans and borrowings	158,699	165,308
Lease liabilities	1,713	1,664
Income tax payable	625	1,094
	<u>249,502</u>	<u>256,671</u>
Non-current liabilities		
Trade and other payables	32,688	30,402
Loans and borrowings	358,030	405,108
Lease liabilities	14,076	14,947
Deferred tax liabilities	5,102	4,791
	<u>409,896</u>	<u>455,248</u>
Total liabilities	<u>659,398</u>	<u>711,919</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	28,073	28,121
Accumulated Loss	(87,792)	(97,830)
	<u>338,970</u>	<u>328,980</u>
Non-controlling interest	90,771	89,811
Total equity	<u>429,741</u>	<u>418,791</u>
Total equity and liabilities	<u>1,089,139</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.

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2024**

	← Non-distributable →			Accumulated Loss RM'000	Non-controlling Total interest RM'000	Total equity RM'000	
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000				
At 1 January 2024	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791
Profit for the period	-	-	-	10,038	10,038	960	10,998
Other comprehensive loss	-	-	(48)	-	(48)	-	(48)
Total comprehensive income/(loss) for the period	-	-	(48)	10,038	9,990	960	10,950
At 30 June 2024	399,016	(327)	28,073	(87,792)	338,970	90,771	429,741
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
Loss/(Profit) for the period	-	-	-	457	457	(790)	(333)
Other comprehensive income	-	-	4,737	-	4,737	-	4,737
Total comprehensive (loss)/profit for the period	-	-	4,737	457	5,194	(790)	4,404
At 30 June 2023	399,016	(327)	28,626	(88,185)	339,130	88,317	427,447

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.

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2024**

	Period ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	12,683	2,948
<u>Adjustments:</u>		
Depreciation	1,151	1,165
Amortisation of intangible assets	20	20
Interest expenses	25,063	28,894
Gain on money market investment security	(1,771)	(2,448)
Distribution income from money market investment security	(601)	(108)
Interest income	(253)	(267)
Reversal of expected credit losses	(152)	-
Unwinding of discount		
on other liabilities at amortised cost	364	-
Unrealised gain on forex	(52)	(1,605)
Operating profit before working capital changes	36,452	28,599
<u>Changes in working capital:</u>		
Land held for development and		
development expenditure	1,477	(3,224)
Inventories	(15,209)	1,566
Trade and other receivables	59,236	14,439
Contract assets and contract liabilities	17,950	427
Other current assets	(150)	(303)
Trade and other payables	(10,950)	9,481
Cash generated from operations	88,806	50,985
Tax paid	(2,630)	(1,793)
Interest paid	(2,569)	(3,791)
Net cash generated from operating activities	83,607	45,401

ENCORP BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2024 (contd.)**

	Period ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Cash flows from investing activities		
Interest received	253	267
Acquisition of property, plant and equipment	(269)	(455)
Acquisition of intangible assets	(5)	-
Additions on investment properties	-	(24)
Placement of investment security	4,807	20,469
Net cashflow generated from investing activities	4,786	20,257
Cash flows from financing activities		
Net (repayment)/drawdown of loans & borrowing	(6,246)	2,139
Repayment of Sukuk Murabahah	(69,281)	(66,439)
(Placement)Withdrawal of deposits	(1)	1,895
Net payment in finance lease payables	(1,307)	(1,305)
Net cashflow used in financing activities	(76,835)	(63,710)
Net increase in cash and cash equivalents	11,558	1,948
Effect of exchange rate changes	(48)	(1,132)
Cash and cash equivalents at beginning of period	15,273	33,254
Cash and cash equivalents at end of period	26,783	34,070
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	1,016	887
- Licensed corporation	35	34
Cash and bank balances	26,782	34,070
	27,833	34,991
Less: Bank balances and deposits pledged	(1,050)	(921)
Cash and cash equivalents at end of period	26,783	34,070

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)
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 requirements of 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

ENCORP BERHAD

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

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

Description	Effective for annual periods beginning on or after
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 30 June 2024.

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ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 30 June 2024, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM67.9 million is scheduled in November 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 30 June 2024.

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ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 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 30 June 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
Revenue								
External customers	-	21,891	31,470	3,434	390	306	-	57,491
Inter-segment	3,936	-	-	439	13,119	-	(17,494)	-
Total Revenue	3,936	21,891	31,470	3,873	13,509	306	(17,494)	57,491
Results:								
Segment results	(7,637)	20,801	19,600	(650)	582	483	3,477	36,657
Interest income	1,379	2,349	5,388	6	5	-	(6,503)	2,624
Interest expense	(1,099)	(22,065)	(3,620)	(5,139)	(6)	(10)	6,512	(25,427)
Depreciation and amortisation	(1,001)	(1)	(132)	(79)	(33)	(7)	82	(1,171)
(Loss)/Profit before tax	(8,358)	1,084	21,237	(5,862)	548	466	3,568	12,683

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

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 30 June 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 30 June 2024 up to the date of this report.

A11. Changes in contingent liabilities

	30.06.2024	30.06.2023
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	9,258	9,128
	<u>9,258</u>	<u>9,128</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 year.

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ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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
(Q2-2024 vs. Q2-2023)**

The Group's revenue for Q2-2024 dropped to RM27.9 million from RM52.7 million in Q2-2023, a decline of RM24.8 million as compared to preceding year corresponding quarter. The revenue decline was primarily driven by reduced contributions from the Iris and Lily property development projects and lower sales recorded from existing projects i.e Tilia and Cahaya Kristal, Kota Kinabalu.

Profit before tax dropped by RM4.3 million, from RM7.2 million in Q2-2023 to RM2.9 million in Q2-2024, in line with the lower revenue recognised.

The Group faced challenges in Q2-2024 due to a slow property market in Malaysia. The drop in revenue and profit, coupled with higher marketing and administrative costs, impacted the overall financial performance.

Property Development

Property development revenue was RM15.0 million in Q2-2024, from RM35.8 million in Q2-2023, marking a sharp decline of RM20.8 million or approximately 58%.

The segment profit before tax recorded at RM5.45 million in Q2-2024 reflecting a decrease from RM10.8 million in Q2-2023. The decreased by 49% was contributed from one off transaction in Q2-2023 on reversal legal provision of RM14 million in prior years now no longer required.

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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
(Q2-2024 vs. Q2-2023) (contd.)****Investment Property**

The segment's revenue recorded increased to RM 1.7 million from RM 1.5 million in Q2-2023, reflecting a growth of RM 0.2 million or 13%. The increase is due to increase occupancy rates and higher rental rates reversion for Strand Mall and Warna Avenue.

With these positive developments in revenue, the segment's loss before tax showed an improvement, with losses reducing from RM4.0 million in Q2-2023 to RM2.9 million in Q2-2024, improvement of RM 1.1 million or 28%.

Concessionaire

The concession division recorded a revenue of RM10.6 million in Q2-2024 as compared to a revenue of RM12.9 million in Q2-2023.

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 will receive a fixed deferred payment from the government throughout the concession period.

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ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B2. Comparison with Immediate Preceding Quarter**

The Group's revenue decreased by RM1.7 million in Q2-2024, with total revenue of RM27.9 million, compared to RM29.6 million in Q1-2024. The revenue decrease is mainly due to the property segment, which contributed RM1.5 million or 89% of the Group's total reduction, driven by lower sales for ESGO completed units in Q2-2024 compared to the previous quarter.

The Investment Properties segment revenue recorded a slight decrease of RM0.02 million, from RM1.73 million in Q1-2024 to RM1.71 million in Q2-2024. This minor drop is due to small changes in occupancy rates or rental agreements, without significantly impacting overall revenue.

Conversely, revenue for construction segment increase by RM0.4 million from zero based in Q1-2024 due to new business segment of replanting coconut project initiated in Q2-2024.

The Group's profit before tax dropped by RM6.9 million, from RM9.8 million in Q1-2024 to RM2.9 million in Q2-2024. The decrease was mainly due to a one-off transaction reversal of cost of sales totaling RM14 million, in Q1-2024.

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ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects**

Bank Negara has kept the overnight policy rate (OPR) unchanged at 3% following the conclusion of its two-day monetary policy committee (MPC) meeting on 11 July 2024. Maintaining the OPR at 3.00% can provide stability in the real estate market, reassuring stability in interest rate for investors and property buyers.

Progress on the East Coast Rail Link, exceeding 70% completion and on schedule for completion in December 2026, presents significant opportunities for our joint venture development in Teluk Cempedak, Kuantan, Pahang. Positioned in the sought-after beach enclave of Teluk Cempedak, with the project expected to launch in the fourth quarter 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 completed Lamanda Chuping Phase 1 development project. Lamanda Chuping Phase 2 is slated to begin its planning in the second half of the year, with a dedicated emphasis on medium-cost housing.

Moreover, the successful completion of the replanting palm oil contracts through a partnership with FELDA marks a pivotal moment for the Group. Consequently, the Group is now pursuing further collaborations with FGV Group to create synergies, leveraging its dual role as both contractor and developer within the FELDA umbrella.

The Group's Investment Property segment is expected to continue its strong growth and resilience, driven by rising rental occupancy rates at Strand Mall and Warna Avenue. This positive outlook is further supported by strategic improvements in tenant mix, which are set to enhance property appeal and rental income, alongside diligent cost optimisation efforts aimed at improving profit margins. Additionally, The Group's commitment to sustainability is reinforced by integrating Strand Mall into the SEDA program, promoting energy efficiency and aligning with global ESG standards.

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

	30.06.2024	Quarter ended 30.06.2023	Period-to-date ended 30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Income tax	(1,805)	(4,223)	(2,165)	(4,651)
Deferred tax	876	1,622	480	1,370
	<u>(929)</u>	<u>(2,601)</u>	<u>(1,685)</u>	<u>(3,281)</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 June 2024.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 30 June 2024.

B8. Status of corporate proposals

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

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	As at 30.06.2024	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	92,813	354,142
Term loan	18,639	3,750
Revolving credit	47,204	-
Finance lease liabilities	43	138
	<u>158,699</u>	<u>358,030</u>

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

Must Ehsan Development Sdn Bhd ('MEDSB') had on 5th July 2018, served a Notice to Arbitrate on Bumimetro Construction Sdn Bhd ('BCSB') dated 4th 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 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 reliefs the Tribunal may deem appropriate.

ENCORP BERHAD

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(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B10. 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 June 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 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").

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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.

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

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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ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 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 30 June 2024.

B12. Profit for the period

	Quarter ended	Period-to-date
	30.06.2024	ended
	RM'000	30.06.2024
		ended
		RM'000
The profit is arrived at after charging/(crediting):		
a) Interest income	(1,276)	(2,624)
b) Other income	(364)	(626)
c) Interest expense	12,673	25,427
d) Depreciation and amortisation	588	1,171
e) Employee benefits	3,702	7,594
f) Unrealised gain on foreign exchange	(1,055)	(52)
g) Operating lease		
- equipment	22	53
- others	6	7
h) Reversal of expected credit losses on other receivables	(200)	(152)
i) Unwinding of discount on other liabilities at amortised costs	183	364
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ENCORP BERHAD

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

**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 ended		Period-to-date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent	948	4,745	10,038	457
Weighted average number of ordinary shares in issue	316,299	316,299	316,299	316,299
Basic EPS (sen)	0.30	1.50	3.17	0.14

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 28 August 2024.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Siti Masitah Binti Ibrahim

Company Secretary

Date: 28 August 2024