



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

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

ENCORP BERHAD

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

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

	Quarter ended		Period-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	21,045	29,305	78,536	103,440
Cost of sales	(11,287)	(10,460)	(20,125)	(44,708)
Gross profit	9,758	18,845	58,411	58,732
Other income	1,552	2,708	4,802	6,281
Selling and marketing expenses	(746)	(1,641)	(2,866)	(2,510)
Administrative expenses	(10,341)	(6,662)	(20,843)	(16,246)
Finance costs	(12,765)	(15,300)	(38,192)	(44,194)
Other expenses	(586)	(563)	(1,757)	(1,728)
Profit/(loss) before tax	(13,128)	(2,613)	(445)	335
Income tax	53	196	(1,632)	(3,085)
Loss net of tax	(13,075)	(2,417)	(2,077)	(2,750)
Other comprehensive income				
Revaluation of office building	-	-	-	5,869
Foreign currency translation	3,487	472	3,439	(660)
Total comprehensive income/(loss) for the period	(9,588)	(1,945)	1,362	2,459
Profit/(Loss) attributable to:				
Owners of the parent	(11,776)	(4,992)	(1,738)	(4,535)
Non-controlling interest	(1,299)	2,575	(339)	1,785
	(13,075)	(2,417)	(2,077)	(2,750)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(8,289)	(1,810)	1,701	674
Non-controlling interest	(1,299)	(135)	(339)	1,785
	(9,588)	(1,945)	1,362	2,459
Earning per share attributable to owner of the parent (sen)				
Basic	(3.72)	(1.58)	(0.55)	(1.43)

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 SEPTEMBER 2024**

	As at 30.09.2024 RM'000	As at 31.12.2023 RM'000
Assets		
Non-current assets		
Property, plant and equipment	4,374	4,442
Right-of-use assets	11,943	13,309
Intangible assets	87	112
Investment properties	303,330	303,330
Land held for property development	27,790	27,514
Trade and other receivables	285,927	361,667
Deferred tax assets	4,039	3,688
	<u>637,490</u>	<u>714,062</u>
Current assets		
Property development costs	42,137	38,346
Inventories	84,343	75,573
Contract assets	1,484	14,063
Tax recoverable	1,138	180
Trade and other receivables	133,270	133,288
Other current assets	1,054	731
Other investments	176,280	138,145
Cash and cash equivalents	18,622	16,322
	<u>458,328</u>	<u>416,648</u>
Total assets	<u>1,095,818</u>	<u>1,130,710</u>

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

	As at 30.09.2024 RM'000	As at 31.12.2023 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	74,232	76,727
Other current liabilities	3,823	3,823
Contract liabilities	19,826	8,055
Loans and borrowings	155,179	165,308
Lease liabilities	1,765	1,664
Income tax payable	-	1,094
	<u>254,825</u>	<u>256,671</u>
Non-current liabilities		
Trade and other payables	33,315	30,402
Loans and borrowings	369,175	405,108
Lease liabilities	13,604	14,947
Deferred tax liabilities	4,746	4,791
	<u>420,840</u>	<u>455,248</u>
Total liabilities	<u>675,665</u>	<u>711,919</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	31,560	28,121
Accumulated Loss	(99,568)	(97,830)
	<u>330,681</u>	<u>328,980</u>
Non-controlling interest	89,472	89,811
Total equity	<u>420,153</u>	<u>418,791</u>
Total equity and liabilities	<u>1,095,818</u>	<u>1,130,710</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.05</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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2024**

	←	Non-distributable		→			
	Share capital	Treasury shares	Other reserves	Accumulated Loss	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791
Loss for the period	-	-	-	(1,738)	(1,738)	(339)	(2,077)
Other comprehensive income	-	-	3,439	-	3,439	-	3,439
Total comprehensive income/(loss) for the period	-	-	3,439	(1,738)	1,701	(339)	1,362
At 30 September 2024	399,016	(327)	31,560	(99,568)	330,681	89,472	420,153
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
Loss/(profit) 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

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 30 SEPTEMBER 2024**

	Period ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(445)	335
<u>Adjustments:</u>		
Depreciation	1,727	1,698
Amortisation of intangible assets	30	30
Interest expenses	38,192	44,195
Gain on FV of investment securities	(2,780)	(3,264)
Distribution income from money market investment securities	(852)	(550)
Interest income	(334)	(400)
Reversal of expected credit losses	(544)	-
Gain on remeasurement of lease liabilities	-	(89)
Unrealised loss/(gain) on forex	5,121	(749)
Operating profit before working capital changes	40,115	41,206
<u>Changes in working capital:</u>		
Land held for development and development expenditure	(4,068)	(1,877)
Inventories	(8,770)	2,449
Trade and other receivables	71,512	46,380
Contract assets and contract liabilities	24,350	(5,458)
Other current assets	(323)	(404)
Trade and other payables	(736)	2,973
Cash generated from operations	122,080	85,269
Tax paid	(4,104)	(2,281)
Interest paid	(4,080)	(2,518)
Net cash generated from operating activities	113,896	80,470

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

	Period ended	
	30.09.2024	30.09.2023
	RM'000	RM'000
Cash flows from investing activities		
Interest received	334	400
Acquisition of property, plant and equipment	(292)	(501)
Acquisition of intangible assets	(5)	-
Additions on investment properties	-	(24)
Placement of investment security	(34,503)	(33,390)
Net cashflow generated from investing activities	(34,466)	(33,515)
Cash flows from financing activities		
Net (repayment)/drawdown of loans & borrowing	(9,329)	8,158
Repayment of Sukuk Murabahah	(69,280)	(66,439)
Withdrawal of deposits	92	1,797
Net payment in finance lease payables	(1,960)	(1,933)
Net cashflow used in financing activities	(80,477)	(58,417)
Net decrease in cash and cash equivalents	(1,047)	(11,462)
Effect of exchange rate changes	3,439	(660)
Cash and cash equivalents at beginning of period	15,273	33,254
Cash and cash equivalents at end of period	17,665	21,132
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	922	985
- Licensed corporation	35	34
Cash and bank balances	17,665	21,132
	18,622	22,151
Less: Bank balances and deposits pledged	(957)	(1,019)
Cash and cash equivalents at end of period	17,665	21,132

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.

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 2024.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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's 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 2024.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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	-	31,953	40,603	5,016	486	478	-	78,536
Inter-segment	5,886	-	-	676	25,535	-	(32,097)	-
Total Revenue	5,886	31,953	40,603	5,692	26,021	478	(32,097)	78,536
Results:								
Segment results	(15,458)	30,497	16,027	(789)	241	313	4,123	34,954
Interest income	2,066	3,570	8,079	12	8	-	(9,770)	3,965
Interest expense	(1,636)	(33,218)	(5,358)	(7,725)	(22)	(15)	9,781	(38,193)
Depreciation and amortisation	(1,001)	(1)	(132)	(79)	(33)	(7)	82	(1,171)
(Loss)/Profit before tax	(16,028)	848	18,616	(8,581)	194	291	4,216	(445)

* 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 30 SEPTEMBER 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 September 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 September 2024 up to the date of this report.

A11. Changes in contingent liabilities

	30.09.2024 RM'000	30.09.2023 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	9,258	8,992

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 30 SEPTEMBER 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
(Q3-2024 vs. Q3-2023)**

The Group's financial performance for Q3-2024 showed a notable decline compared to the same period last year. Revenue fell by RM8.3 million, from RM29.3 million in Q3-2023 to RM21.0 million in Q3-2024. The decrease in revenue was mainly attributed to reduced contributions from Iris and Lily property development projects as the project was completed in April 2024, as well as lower sales from ongoing projects like Tilia and Cahaya Kristal in Kota Kinabalu.

Additionally, the Group's loss before tax widened significantly, dropping RM10.5 million, from a loss of RM2.6 million in Q3-2023 to RM13.1 million in Q3-2024. This decline was in line with the reduced revenue for the quarter.

The Group encountered challenging market conditions in Malaysia's property sector, compounded by increased marketing and administrative costs. Additionally, the Group reported an unrealized foreign exchange loss of RM5.17 million in Q3-2024, which further contributed to the overall financial loss for the period. This unrealized loss likely resulted from currency fluctuations affecting foreign-denominated liabilities, investments, or adjustments to foreign assets and liabilities. While it does not directly impact cash flow, it adversely affects reported profitability, reflecting the volatility in exchange rates during the quarter.

Property Development

The significant decrease in property development revenue, from RM15.1 million in Q3-2023 to RM9.1 million in Q3-2024, represents a 39% decline or a reduction of RM6 million.

This drop, coupled with a shift from a profit before tax of RM4.6 million in Q3-2023 to a loss before tax of RM2.6 million in Q3-2024, highlights a sharp 157% decrease in profitability. The decline can be attributed primarily to slower sales and delays in ongoing projects, which negatively impacted the overall performance for the quarter.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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
(Q3-2024 vs. Q3-2023) (contd.)****Investment Property**

The revenue for the segment experienced a growth of RM 0.4 million, rising from RM 1.2 million in Q3-2023 to RM 1.6 million in Q3-2024, marking an increase of 31%. This improvement was mainly attributed to higher occupancy rates and increased rental rates at both Strand Mall and Warna Avenue.

As a result of the revenue growth, the segment's loss before tax improved, with the losses narrowing from RM 3.2 million in Q3-2023 to RM 2.7 million in Q3-2024, representing a reduction of RM 0.5 million or 15%.

Concessionaire

The concession division experienced a decline in revenue, recording RM10.1 million in Q3-2024, down from RM12.3 million in Q2-2023. This represents a reduction of RM2.2 million or approximately 19% in revenue between the two periods.

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

In Q3-2024, the Group experienced a revenue decline of RM6.9 million, dropping from RM27.9 million in Q2-2024 to RM21.0 million. The main contributor to this reduction was the property segment, which saw a drop of RM5.8 million, or 39% of the total revenue decline, due to lower sales from ongoing projects.

The Investment Properties segment revenue recorded a slight decrease of RM0.13 million, from RM1.71 million in Q2-2024 to RM1.58 million in Q3-2024. This minor drop is due to minimal changes in occupancy rates or rental agreements, without significantly impacting overall revenue.

Meanwhile, the construction segment's revenue decreased by RM0.29 million from RM0.39 million in Q2-2024.

The Group also shifted from profitability in Q2-2024, where it recorded a profit before tax of RM2.9 million, to a loss of RM13.1 million in Q3-2024. This negative shift in performance was primarily driven by higher operational costs and an unrealized foreign exchange loss of RM5.17 million in Q3-2024, which significantly impacted the Group's overall profitability.

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

Bank Negara Malaysia (BNM) has kept the Overnight Policy Rate (OPR) steady at 3.0% following its decision in early November. This level has been maintained through several meetings, and most analysts expect it to remain unchanged throughout 2024. The central bank's decision aligns with a neutral outlook on inflation, which is expected to decrease further, along with sustained domestic demand supported by household spending and investment activities. Research firms anticipate that BNM will hold the OPR steady into 2025, as the rate continues to support economic stability in Malaysia amidst a low inflationary environment. Maintaining the OPR at 3.00% can provide stability in the real estate market, reassuring stability in interest rate for investors and property buyers.

With the East Coast Rail Link ("ECRL") surpassing 72.9% completion and on track for a December 2026 finish, we anticipate significant opportunities for our joint venture development in Teluk Cempedak, Kuantan, Pahang. Located at the popular beach enclave of Teluk Cempedak, with the project expected to launch in the third quarter of 2025, we expect this project would yield a positive response.

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. 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.

The successful completion of the replanting palm oil contracts with FELDA represents a milestone for the Group, reinforcing its position in the industry. Building on this success, the Group is now seeking additional collaborations with Felda Group of Company to explore synergies, capitalizing on its dual role as both contractor and developer within the broader FELDA framework. This strategic move aims to drive further growth and enhance operational efficiencies across both entities.

The Group's Investment Property segment has shown resilience and growth potential, highlighted by increasing rental occupancy rates at both Strand Mall and Warna Avenue. We expect these favorable trends to persist, contributing positively to the segment's income. Furthermore, the Group's dedication to sustainability is strengthened by the integration of Strand Mall into the SEDA program, which promotes energy efficiency and aligns with global Environmental, Social, and Governance (ESG) standards. This not only supports environmental goals but also enhances the Group's reputation in the evolving sustainability landscape.

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

	30.09.2024	Quarter ended 30.09.2023	Period-to-date ended 30.09.2024	Period-to-date ended 30.09.2023
	RM'000	RM'000	RM'000	RM'000
Income tax	137	(1,095)	(2,028)	(4,124)
Deferred tax	(84)	1,291	396	1,039
	<u>53</u>	<u>196</u>	<u>(1,632)</u>	<u>(3,085)</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 2024.

B7. Purchase or disposal of quoted securities

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

B8. Status of corporate proposals

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024 (contd.)**

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

B9. Borrowings and debt securities

	As at 30.09.2024	
	Current	Non-current
	RM'000	RM'000
Secured		
Sukuk Murabahah	92,813	365,296
Term loan	15,119	3,750
Revolving credit	47,204	-
Finance lease liabilities	43	129
	<u>155,179</u>	<u>369,175</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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 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 period 30 September 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 September 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 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 30 SEPTEMBER 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 September 2024.

B12. Profit for the period

	Quarter ended 30.09.2024 RM'000	Period-to-date ended 30.09.2024 RM'000
The profit is arrived at after charging/(crediting):		
a) Interest income	(1,340)	(3,965)
b) Other income	(212)	(837)
c) Interest expense	12,765	38,192
d) Depreciation and amortisation	586	1,757
e) Employee benefits	4,162	11,756
f) Unrealised loss on foreign exchange	5,172	5,121
g) Operating lease		
- equipment	19	72
- others	2	9
h) Reversal of expected credit losses on trade receivables	(393)	(544)

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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 ended		Period-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the parent	(11,776)	(4,992)	(1,738)	(4,535)
Weighted average number of ordinary shares in issue	316,299	316,299	316,299	316,299
Basic EPS (sen)	(3.72)	(1.58)	(0.55)	(1.43)

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 27 November 2024.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Siti Masitah Binti Ibrahim

Company Secretary

Date: 27 November 2024