



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

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

ENCORP BERHAD

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

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

	Quarter ended		Period-to-date ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	25,477	25,753	104,013	129,193
Cost of sales	(4,541)	(12,443)	(24,666)	(57,151)
Gross profit	20,936	13,310	79,347	72,042
Other income	6,814	6,264	11,616	12,545
Selling and marketing expenses	(627)	(1,091)	(3,493)	(3,602)
Administrative expenses	(6,116)	(3,840)	(26,959)	(20,086)
Finance costs	(12,714)	(14,999)	(50,906)	(59,193)
Other expenses	(1,792)	(1,061)	(3,549)	(2,789)
Profit/(Loss) before tax	6,501	(1,417)	6,056	(1,083)
Income tax	(988)	(4,316)	(2,620)	(7,401)
Profit/(Loss) net of tax	5,513	(5,733)	3,436	(8,484)
Other comprehensive income				
Revaluation of office building	-	-	-	5,866
Foreign currency translation	803	(974)	4,242	(1,634)
Total comprehensive income for the period	6,316	(6,707)	7,678	(4,252)
Profit/(Loss) attributable to:				
Owners of the parent	3,544	(4,653)	1,806	(9,188)
Non-controlling interest	1,969	(1,080)	1,630	704
	5,513	(5,733)	3,436	(8,484)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	4,347	(5,627)	6,048	(4,956)
Non-controlling interest	1,969	(1,080)	1,630	704
	6,316	(6,707)	7,678	(4,252)
Earning per share attributable to owner of the parent (sen)				
Basic	1.12	(1.47)	0.57	(2.90)

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 DECEMBER 2024**

	As at 31.12.2024 RM'000	As at 31.12.2023 RM'000
Assets		
Non-current assets		
Property, plant and equipment	4,320	4,442
Right-of-use assets	11,394	13,309
Intangible assets	312	112
Investment properties	305,490	303,330
Land held for property development	27,311	27,514
Trade and other receivables	257,990	361,667
Deferred tax assets	4,702	3,688
	<u>611,519</u>	<u>714,062</u>
Current assets		
Property development costs	46,827	38,346
Inventories	75,998	75,573
Contract assets	9,058	14,063
Tax recoverable	173	180
Trade and other receivables	133,505	133,288
Other current assets	1,193	731
Other investments	141,451	138,145
Cash and cash equivalents	17,809	16,322
	<u>426,014</u>	<u>416,648</u>
Total assets	<u>1,037,533</u>	<u>1,130,710</u>

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

	As at 31.12.2024 RM'000	As at 31.12.2023 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	86,508	76,727
Other current liabilities	3,823	3,823
Contract liabilities	11,048	8,055
Loans and borrowings	158,743	165,308
Lease liabilities	1,800	1,664
Income tax payable	787	1,094
	<u>262,709</u>	<u>256,671</u>
Non-current liabilities		
Trade and other payables	29,068	30,402
Loans and borrowings	301,957	405,108
Lease liabilities	13,147	14,947
Deferred tax liabilities	4,183	4,791
	<u>348,355</u>	<u>455,248</u>
Total liabilities	<u>611,064</u>	<u>711,919</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	32,363	28,121
Accumulated Loss	(96,024)	(97,830)
	<u>335,028</u>	<u>328,980</u>
Non-controlling interest	91,441	89,811
Total equity	<u>426,469</u>	<u>418,791</u>
Total equity and liabilities	<u>1,037,533</u>	<u>1,130,710</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.06</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 31 DECEMBER 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
At 1 January 2024	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791
Profit for the period	-	-	-	1,806	1,806	1,630	3,436
Other comprehensive income	-	-	4,242	-	4,242	-	4,242
Total comprehensive income for the period	-	-	4,242	1,806	6,048	1,630	7,678
At 31 December 2024	399,016	(327)	32,363	(96,024)	335,028	91,441	426,469
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
(Loss)/Profit for the period	-	-	-	(9,188)	(9,188)	704	(8,484)
Other comprehensive income	-	-	4,232	-	4,232	-	4,232
Total comprehensive (loss)/income for the period	-	-	4,232	(9,188)	(4,956)	704	(4,252)
At 31 December 2023	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791

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 DECEMBER 2024**

	Year ended	
	31.12.2024	31.12.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	6,056	(1,083)
<u>Adjustments:</u>		
Depreciation of property, plant and equipment	533	437
Depreciation of right-use of assets	1,915	1,953
Amortisation of intangible assets	45	40
Interest expenses	50,168	59,193
Gain on fair value adjustment of investment securities	(3,955)	(3,866)
Distribution income from money market investment securities	(988)	(998)
Interest income	(519)	(748)
Property, plant and equipment written off	-	4
Deposit forfeited	(14)	(136)
Provision for short-tem accumulating compensated absences	331	269
Gain on fair value adjustment of investment properties	(2,160)	(3,800)
Expected credit losses on :		
- trade receivables	885	434
- other receivables	-	1,050
Inventories written down	-	360
Land held for development written off	1,056	-
Gain on remeasurement of lease liabilities	-	(62)
Effects on the modification on other liabilities	738	(44)
Unrealised loss/(gain) on foreign exchange	6,301	(2,373)
Inventories written back	(1,815)	(1,349)
Reversal of expected credit losses on :		
- trade receivables	(1,129)	(782)
- other receivables	(1,831)	(27)
Operating profit before working capital changes	55,618	48,472
<u>Changes in working capital:</u>		
Land held for development and development expenditure	(9,335)	(7,209)
Inventories	1,390	3,969
Trade and other receivables	99,579	70,913
Contract assets and contract liabilities	7,998	(2,373)
Other current assets	(462)	(333)
Trade and other payables	7,047	6,497
Cash generated from operations	161,835	119,936
Interest paid	(34,568)	(38,084)
Income taxes paid	(4,542)	(7,950)
Net cash generated from operating activities	122,725	73,902

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

	Year ended	
	31.12.2024	31.12.2023
	RM'000	RM'000
Cash flows from investing activities		
Interest received	519	748
Purchase of property, plant and equipment	(411)	(1,244)
Acquisition of intangible assets	(245)	-
Distribution income received	988	998
Withdrawal in other investments	649	5,401
Net cashflow generated from investing activities	1,500	5,903
Cash flows from financing activities		
Net (repayment)/drawdown of loans and borrowings	(14,366)	4,699
Repayment of Sukuk Murabahah	(110,000)	(100,000)
Withdrawal of deposits	74	1,767
Repayment of principal and interest portion of lease liabilities	(2,614)	(2,647)
Net cashflow used in financing activities	(126,906)	(96,181)
Net decrease in cash and cash equivalents	(2,681)	(16,376)
Effect of exchange rate changes on cash and cash equivalents	4,242	(1,605)
Cash and cash equivalents at beginning of year	15,273	33,254
Cash and cash equivalents at end of year	16,834	15,273
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	940	1,015
- Licensed corporation	35	34
Cash and bank balances	16,834	15,273
	17,809	16,322
Less: Bank balances and deposits pledged	(975)	(1,049)
Cash and cash equivalents at end of year	16,834	15,273

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 31 DECEMBER 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 31 DECEMBER 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 31 December 2024.

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

b) Sukuk Murabahah

Total repayment of Sukuk Murabahah's principal and profit payment amounting to RM137.8 million had been remitted in the financial year ended 31 December 2024, whereas, the next principal and profit payment amounting to RM61.5 million is scheduled in May 2025.

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 31 December 2024.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 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 December 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	-	41,408	53,083	6,820	2,057	645	-	104,013
Inter-segment	12,071	-	-	913	34,078	-	(47,062)	-
Total Revenue	12,071	41,408	53,083	7,733	36,135	645	(47,062)	104,013
Results:								
Segment results	(9,504)	39,577	4,404	1,282	48	296	14,888	50,991
Interest income	2,754	4,899	10,890	19	18	2	(13,036)	5,545
Interest expense	(2,162)	(44,372)	(6,999)	(10,253)	(146)	(20)	13,046	(50,906)
Reversal of Inventories written down	-	-	1,815	-	-	-	-	1,815
Land held for development written down	-	-	(1,056)	-	-	-	-	(1,056)
Gain on fair value of investment properties	2,160	-	-	-	-	-	-	2,160
Depreciation and amortisation	(2,017)	(3)	(313)	(149)	(66)	(14)	70	(2,493)
Profit/(Loss) before tax	(8,769)	101	8,741	(9,101)	(147)	264	14,968	6,056

* 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 DECEMBER 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 December 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 December 2024 up to the date of this report.

A11. Changes in contingent liabilities

	31.12.2024	31.12.2023
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	<u>8,225</u>	<u>9,258</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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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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
(Q4-2024 vs. Q4-2023)**

The Group's financial performance for Q4-2024 slightly decline compared to the Q4-2023. Revenue fell by RM0.3 million, from RM25.8 million in Q4-2023 to RM25.5 million in Q4-2024. This decline was mainly attributed to reduced contributions from the property development segment. Further details on this performance are provided in the segmental review.

The Group encountered challenging market conditions, particularly within Malaysia's property sector. The slowdown in property demand, high construction costs, and fluctuating consumer confidence have impacted the company's financial performance.

The Group's profit before tax for Q4-2024 was RM6.5 million, a significant improvement from a loss before tax of RM1.4 million in Q4-2023. This turnaround in profitability is largely attributable to a reversal of RM6.6 million on cost of sales provided in prior years now no longer required, accounting gains from fair value adjustments on investment property and the reversal of inventory write-offs, totaling RM2.1 million and RM1.8 million respectively.

Despite challenges, the Group recorded a strong recovery in profitability. The reversal of cost provision helped boost financial results.

Property Development

The property development revenue increased by RM0.6 million, from RM11.9 million in Q4-2023 to RM12.5 million in Q4-2024, representing a 5% growth.

The improvement in profitability, shifting from a higher loss before tax of RM22.9 million in Q4-2023 to a loss before tax of RM9.8 million in Q4-2024, demonstrates a notable 57% reduction in losses. A key factor in this improvement is the reversal of RM6.6 million on the cost of sales that had been provided in previous years. This reversal had a positive impact on the overall performance for the quarter, helping to reduce the loss more significantly.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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
(Q4-2024 vs. Q4-2023) (contd.)****Investment Property**

The segment's performance showed a positive revenue growth of 66%, from RM 1.1 million in Q4-2023 to RM 1.8 million in Q4-2024. This was largely driven by improvement in the occupancy rates and rental rates at both Strand Mall and Warna Avenue.

The segment registered a loss before tax of RM0.5 million as compared to profit before tax of RM0.3 million loss in the same quarter last year.

Concessionaire

The concession division experienced a decline in revenue, recording RM9.5 million in Q4-2024, down from RM11.8 million in Q4-2023. This represents a reduction of RM2.3 million or approximately 20% 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 31 DECEMBER 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B2. Comparison with Immediate Preceding Quarter**

In Q4-2024, the Group experienced an increase in revenue by RM4.5 million, rising from RM21.0 million in Q3-2024 to RM25.5 million. The primary contributor to this growth was the property segment, which accounted for RM3.3 million (37% of total revenue), driven by sales from completed projects.

The Investment Properties segment showed a slight increase of RM0.2 million, from RM1.6 million in Q3-2024 to RM1.8 million in Q4-2024. This minor increase was attributed to stable occupancy rates and rental agreements, with little impact on overall revenue.

The construction segment also saw an increase, with a revenue increase of RM1.5 million, rising from RM0.3 million in Q3-2024 to RM1.8 million in Q4-2024, mainly due to a FELDA contract for replanting palm oil and coconut.

In terms of profitability, the Group successfully registered a loss of RM13.1 million in Q3-2024 to a profit before tax of RM6.5 million in Q4-2024, with the property segment playing a key role in this positive shift. Overall, the Group's performance in Q4-2024 reflects strong growth in key segments, leading to a significant improvement in profitability.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects**

As of February 2025, Bank Negara Malaysia (BNM) has kept the Overnight Policy Rate (OPR) at 3.00%, a level maintained since May 2023. This decision supports economic stability, driven by strong domestic demand and manageable inflation. Analysts expect the OPR to stay unchanged throughout 2025, in line with BNM's neutral outlook on inflation and the economy.

The ongoing development of Tilia Shah Alam, which features 112 two-storey superlink homes, is a critical phase in the broader Encorp Cahaya Alam township. This project, expected to complete in the fourth quarter of 2025, presents a valuable opportunity for buyers looking for quality residential options in Shah Alam.

Encorp is expanding into East Malaysia through the ongoing Cahaya Kristal project in Kota Kinabalu, expected to be completed by the third quarter of next year. The development offers both residential opportunities and represents a strategic move to diversify geographically, tapping into the vibrant Kota Kinabalu market.

The East Coast Rail Link (ECRL), now over 78% complete as of early February 2025, is set to significantly enhance connectivity in Malaysia, with the first phase linking Kota Bharu to Gombak expected to begin operations by January 2027. This infrastructure development is poised to drive economic growth and tourism, particularly in areas like Teluk Cempedak in Kuantan, Pahang.

A joint venture project in Teluk Cempedak is strategically positioned to capitalise on this boost in accessibility. The improved transportation network is anticipated to attract both residents and tourists, ensuring a strong market response to the development. The timing aligns well with the ECRL's impact on the region, promising positive prospects for the project.

Our strategic partnership with FELDA has yielded successful outcomes, notably the completion of the Lamanda Chuping Phase 1 development project. Looking ahead, Phase 2 is scheduled to begin planning in the latter part of the year, with a dedicated emphasis on medium-cost housing to address community needs.

The Group's successful completion of palm oil replanting contracts with FELDA strengthens its industry position. Now, the Group is looking to partner with FELDA on more projects, using its combined role as contractor and developer to drive growth and improve operations for both parties.

The Investment Property segment is thriving with rising rental occupancy at Strand Mall and Warna Avenue, and Strand Mall's integration into the SEDA program highlights the Group's commitment to sustainability and ESG standards.

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

	31.12.2024	Quarter ended 31.12.2023	Period-to-date ended 31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Income tax	(2,214)	(5,076)	(4,242)	(9,200)
Deferred tax	1,226	760	1,622	1,799
	<u>(988)</u>	<u>(4,316)</u>	<u>(2,620)</u>	<u>(7,401)</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 December 2024.

B7. Purchase or disposal of quoted securities

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

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 27 February 2025.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2024 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	As at 31.12.2024	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	101,605	299,753
Term loan	9,891	2,084
Revolving credit	47,204	-
Finance lease liabilities	43	120
	<u>158,743</u>	<u>301,957</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:

- RM24,630,000.00 for liquidated damages;
- RM2,320,346.77 for increased cost incurred for appointment of 3rd party contractors;
- RM3,000,000.00 for classic penalty;
- General Damages;
- Interest;
- Costs; and
- Any further reliefs the Tribunal may deem appropriate.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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.

On 27th of November 2024, the Tribunal has awarded to MEDSB the sum of RM29,950,346.77 in damages and RM4,021,138.81 to BCSB for outstanding amount owed as per their counterclaim. In summary, MEDSB is awarded a nett of RM26,406,017.72 in damages including cost from the award. The award was revised on 10th of January 2025, however it does not affect the outcome and the sum of the award towards either MEDSB or BCSB.

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

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

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

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

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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.

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.

However on 4th of December 2023 The Federal Court has set 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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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.)**

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

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

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 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 December 2024.

B12. Profit for the period

	Quarter ended 31.12.2024 RM'000	Year-to-date ended 31.12.2024 RM'000
The profit is arrived at after charging/(crediting):		
a) Interest income	(1,580)	(5,545)
b) Other income	(5,234)	(6,071)
c) Interest expense	12,714	50,906
d) Depreciation and amortisation	736	2,493
e) Employee benefits	3,441	15,178
f) Unrealised loss on foreign exchange	1,181	6,302
g) Operating lease		
- premises	(14)	(14)
- equipment	30	102
- others	(3)	7
h) Provision of short-term accumulating compensated absences	331	331
i) Land held for development written down	1,056	1,056
j) Loss on disposal of property, plant and equipment	1	1
k) Gain of fair value of investment properties	(2,160)	(2,160)
l) Reversal of expected credit losses on trade receivables	(1,530)	(2,075)
m) Reversal of inventories written down	(1,815)	(1,815)
n) Unwinding of discount on other liabilities at amortised costs	879	879

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

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

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

a) Basic EPS

	31.12.2024 RM'000	Quarter ended 31.12.2023 RM'000	Period-to-date ended 31.12.2024 RM'000	31.12.2023 RM'000
Profit attributable to owners of the parent	3,544	(4,653)	1,806	(9,188)
Weighted average number of ordinary shares in issue	316,299	316,299	316,299	316,299
Basic EPS (sen)	1.12	(1.47)	0.57	(2.90)

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 February 2025.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Siti Masitah Binti Ibrahim

Company Secretary

Date: 27 February 2025