



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2025**

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
30 JUNE 2025**

	Quarter and Period-to-date ended		Year-to-date ended	
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
Revenue	31,686	27,870	50,434	57,491
Cost of sales	(16,995)	(8,180)	(24,759)	(8,838)
Gross profit	14,691	19,690	25,675	48,653
Other income	2,036	1,640	3,646	3,250
Selling and marketing expenses	(2,436)	(1,318)	(2,764)	(2,120)
Administrative expenses	(5,789)	(3,882)	(10,473)	(10,502)
Finance costs	(9,489)	(12,673)	(19,519)	(25,427)
Other expenses	(600)	(588)	(1,208)	(1,171)
(Loss)/Profit before tax	(1,587)	2,869	(4,643)	12,683
Income tax	(441)	(929)	(877)	(1,685)
(Loss)/Profit net of tax	(2,028)	1,940	(5,520)	10,998
Other comprehensive income				
Foreign currency translation	461	(723)	347	(48)
Total comprehensive (loss)/profit for the year	(1,567)	1,217	(5,173)	10,950
(Loss)/Profit attributable to:				
Owners of the parent	(1,687)	948	(4,643)	10,038
Non-controlling interest	(341)	992	(877)	960
	(2,028)	1,940	(5,520)	10,998
Total comprehensive (loss)/profit attributable to:				
Owners of the parent	(1,226)	225	(4,296)	9,990
Non-controlling interest	(341)	992	(877)	960
	(1,567)	1,217	(5,173)	10,950
(Loss)/Earnings per share attributable to owner of the parent (sen)				
Basic	(0.53)	0.30	(1.47)	3.17

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 2024 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 2025**

	As at 30.06.2025 RM'000	As at 31.12.2024 RM'000
Assets		
Non-current assets		
Property, plant and equipment	4,153	4,321
Right-of-use assets	10,500	11,394
Intangible assets	268	311
Investment properties	305,490	305,490
Land held for property development	27,399	27,311
Trade and other receivables	202,788	258,118
Deferred tax assets	4,388	4,702
	<u>554,986</u>	<u>611,647</u>
Current assets		
Property development costs	52,851	45,573
Inventories	62,823	75,998
Contract assets	12,856	10,312
Tax recoverable	240	173
Trade and other receivables	136,922	133,599
Other current assets	605	1,193
Other investments	140,307	141,451
Cash and cash equivalents	14,587	17,764
	<u>421,191</u>	<u>426,063</u>
Total assets	<u>976,177</u>	<u>1,037,710</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025 (contd.)**

	As at 30.06.2025 RM'000	As at 31.12.2024 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	79,862	100,706
Other current liabilities	3,823	3,823
Contract liabilities	10,786	11,048
Loans and borrowings	163,113	158,738
Lease liabilities	2,538	1,863
Income tax payable	521	787
	<u>260,643</u>	<u>276,965</u>
Non-current liabilities		
Trade and other payables	31,139	15,046
Loans and borrowings	247,554	301,962
Lease liabilities	12,207	13,084
Deferred tax liabilities	3,679	4,183
	<u>294,579</u>	<u>334,275</u>
Total liabilities	<u>555,222</u>	<u>611,240</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	32,709	32,363
Accumulated Loss	(101,008)	(96,023)
	<u>330,390</u>	<u>335,029</u>
Non-controlling interest	90,564	91,441
Total equity	<u>420,955</u>	<u>426,470</u>
Total equity and liabilities	<u>976,177</u>	<u>1,037,710</u>
 Net assets per share attributable to owner of the parents (RM/share)	 <u>1.05</u>	 <u>1.06</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2024 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 JUNE 2025

	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
At 1 January 2025	399,016	(327)	32,363	(96,023)	335,029	426,470
Restatements	-	-	-	(342)	(342)	(342)
At 1 January 2025 (Restated)	399,016	(327)	32,363	(96,365)	334,687	426,128
Loss for the period	-	-	-	(4,643)	(4,643)	(5,520)
Other comprehensive profit	-	-	347	-	347	347
Total comprehensive profit/(loss) for the period	-	-	347	(4,643)	(4,296)	(5,173)
At 30 June 2025	399,016	(327)	32,710	(101,008)	330,391	420,955
At 1 January 2024	399,016	(327)	28,121	(97,830)	328,980	418,791
Profit for the period	-	-	-	10,038	10,038	10,998
Other comprehensive loss	-	-	(48)	-	(48)	(48)
Total comprehensive (loss)/profit for the period	-	-	(48)	10,038	9,990	10,950
At 30 June 2024	399,016	(327)	28,073	(87,791)	338,970	429,741

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2024 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 JUNE 2025

	Period ended	
	30.06.2025	30.06.2024
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(4,643)	12,683
<u>Adjustments:</u>		
Depreciation	1,164	1,151
Amortisation of intangible assets	44	20
Interest expenses	19,200	25,063
Gain on money market investment security	(1,076)	(1,771)
Distribution income from money market investment security	(110)	(601)
Interest income	(85)	(253)
Expected credit losses	(2)	(152)
Unwinding of discount	67	364
on other liabilities at amortised cost		
Unrealised loss on forex	(161)	(52)
Operating profit before working capital changes	14,398	36,452
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(7,366)	1,477
Inventories	13,175	(15,209)
Trade and other receivables	52,170	59,236
Contract assets and contract liabilities	(2,806)	17,950
Other current assets	588	(150)
Trade and other payables	(5,776)	(10,950)
Other current liabilities	-	-
Cash generated from operations	64,383	88,806
Tax paid	(1,742)	(2,630)
Interest paid	(2,104)	(2,569)
Net cash generated from operating activities	60,537	83,607

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 JUNE 2025 (contd.)

	Period ended	
	30.06.2025	30.06.2024
	RM'000	RM'000
Cash flows from investing activities		
Interest received	85	253
Acquisition of property, plant and equipment	(103)	(269)
Acquisition of intangible assets	-	(5)
Additions on investment properties	-	-
Placement of investment security	2,330	4,807
Net cashflow used in investing activities	2,312	4,786
Cash flows from financing activities		
Net borrowing of loans & borrowing	5,296	(6,246)
Repayment of Sukuk Murabahah	(71,467)	(69,281)
Placement of deposits	9	(1)
Net payment in finance lease payables	(202)	(1,307)
Net cashflow generated from financing activities	(66,364)	(76,835)
Net (decrease)/increase in cash and cash equivalents	(3,515)	11,558
Effect of exchange rate changes	347	(48)
Cash and cash equivalents at beginning of period	16,789	15,273
Cash and cash equivalents at end of period	13,621	26,783
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	930	1,016
- Licensed corporation	35	35
Cash and bank balances	13,621	26,782
	14,587	27,833
Less: Bank balances and deposits pledged	(966)	(1,050)
Cash and cash equivalents at end of period	13,621	26,783

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2024 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 JUNE 2025****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of preparation**

This condensed consolidated interim financial statement ("Condensed Report") has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting, paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act 2016 in Malaysia.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024. 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 2024.

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 2024, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2025. 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 2025

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases	1 January 2025
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2025
Amendments to MFRS 107 Statement of Cash Flows	1 January 2025
Amendments to MFRS 7 Financial Instruments	1 January 2025

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (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 9 and MFRS 7 Financial Instruments	1 January 2026
Amendments to MFRS 1 First-time adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 107 Statement of Cash Flows	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability Disclosures	1 January 2027
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 2024 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 2025.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (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 2025, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM77.1 million is scheduled in November 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 30 June 2025.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2025 (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 2025 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	-	17,022	24,541	4,117	4,391	363	-	50,434
Inter-segment	3,900	-	-	499	9,184	-	(13,583)	-
Total Revenue	3,900	17,022	24,541	4,616	13,575	363	(13,583)	50,434
Results:								
Segment results	3,637	15,928	(462)	92	(590)	(155)	(5,403)	13,047
Interest income	2,045	2,502	5,615	8	11	-	(7,147)	3,035
Interest expense	(1,011)	(17,283)	(3,233)	(5,136)	(5)	(2)	7,152	(19,519)
Impairment of goodwill	-	-	-	-	-	-	-	-
Inventories written down	-	-	-	-	-	-	-	-
(Loss)/Profit before tax	3,638	1,145	1,824	(5,105)	(617)	(164)	(5,365)	(4,645)

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2025 (contd.)**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)**

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	and Eliminations RM'000	Consolidated RM'000
Total Revenue	3,936	21,891	31,470	3,873	13,509	306	(17,494)	57,491
(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.*

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A9. Material events subsequent to the balance sheet date**

There were no material events subsequent to the financial year ended 30 June 2025 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 2025 up to the date of this report.

	30.06.2025 RM'000	30.06.2024 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	8,252	9,258

A12. Capital commitments

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA****B1. Performance review****a) Performance of the current quarter against the preceding year corresponding quarter
(Q2-2025 vs. Q2-2024)**

The Group recorded a revenue of RM31.7 million in Q2-2025, a decrease of 14% compared to Q2-2024. This decline was attributed to a reduction of 23% in Property Development segment.

In Q2-2025, the Group reported a loss before tax of RM2.0 million, compared to a profit before tax of RM2.8 million in Q2-2024.

Property Development

In Q2 2025, the Property Development segment generated RM18.4 million in revenue, reflecting a 23.5% increase from RM14.9 million reported in Q2 2024.

In Q2 2024 sales of Garden Office, Iris, Clover, Encorp Marina, Tilia, Lamanda Chuping Phase 1 RMM and Cahaya Kristal project contributed around RM14.9 million compared to Q2 2025 sales of Tilia, Lamanda Chuping Phase 1 RMM and RKS, Cahaya Kristal as well Encorp Marina project which contributed around RM18.4 million.

YTD June 2025, the segment recorded a profit before tax of RM1.8 million. In contrast, in Q2 2024 is higher by more than 100% ie. RM19.4 million resulted from reversal of legal provision for Encorp Marina project legal suit ie. Konsortium Ipminez of RM14 million and cost saving of RM1.2 million from completed phase Lily resulted in reported profit before tax of RM12.7 million.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA (contd.)****B1. Performance review (contd.)****a) Performance of the current quarter against the preceding year corresponding quarter
(Q2-2025 vs. Q2-2024) (contd.)****Investment Property**

The segment's revenue saw an increase of 23% in Q2-2025, up from RM1.7 million in Q2-2024, an increase by RM0.4 million. This revenue growth is attributed improved rental rates for Strand Mall, reflecting an overall improvement in rental pricing from RM1.89 per square foot in Q2 2024 to RM2.29 per square foot in Q2 2025 (renegotiation) and also 4 new tenants of approximately additional income of RM0.06 million.

With these positive developments in revenue, the segment's loss before tax showed an improvement, with losses reducing from RM5.9 million in YTD Q2-2024 to RM5.1 million in YTD Q2-2025, an enhancement of RM0.8 million.

Concessionaire

The concession division recorded a revenue of RM8.2 million in Q2-2025 compared to a revenue of RM10.7 million in Q2-2024. This represents a reduction of RM2.5 million or approximately 2.4% 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 is compensated with deferred payment income from the concession and it is recognized as revenue.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA (contd.)****B2. Comparison with Immediately Preceding Quarter**

The Group recorded revenue of RM31.7 million in Q2-2025, reflecting a 14% increase compared to Q2-2024.

Concession Income: Revenue stood at RM8.2 million, representing a 23% decrease from Q1-2024. This decline is primarily attributed to deferred payment income, structured as an annuity in accordance with the Privatisation Agreement, along with principal and interest repayments scheduled for May and November 2025. The concession is set to expire in 2028.

Property Development Sales: Revenue for this segment experienced 23% increases, amounting to a variance of RM3.4 million. The increase was mainly due to higher revenue of RM10.0 million and RM7.7 million from Tilia and EMPH projects each respectively.

Facility Management: Revenue decreased by 29%, down from RM0.16 million to RM0.2 million, driven by higher patronage at the mall car park.

Rental Income: Improved by 23% from RM1.7 million in Q2-2024 to RM2.1 million Q2-2025, its attributed to an increase in rental rates for Warna Avenue, from RM1.89 psf to RM2.29 psf (renegotiation) and also 4 new tenants of approximately additional income of RM0.06 million.

Contract Revenue: Recorded at RM1.6 million, primarily from the replanting stream

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA (contd.)****B3. Commentary on prospects**

Following Bank Negara Malaysia's reduction of the OPR to 2.75% on 9 July 2025, prospects for the property sector have improved. The lower rate environment is expected to ease financing costs for homebuyers, stimulate demand particularly in the affordable housing segment and enhance overall investment sentiment. These factors are likely to support Encorp's sales performance and development pipeline going forward.

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

Encorp expanded into East Malaysia through the ongoing Cahaya Kristal project in Kota Kinabalu, expected to be completed by the third quarter of 2026. The development offers both residential opportunities and represents a strategic move to diversify geographically, tapping into the vibrant Kota Kinabalu market.

Balau Residences project, a joint venture project in Teluk Cempedak, Kuantan Pahang is strategically positioned to capitalise on the boost in accessibility i.e ECRL and LPT highway. The improved transportation network is anticipated to attract both residents and tourists, ensuring a strong market response to the development.

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. Encorp remains committed to working collaboratively with FELDA to accelerate growth and enhance operational efficiency for both organisation. The Investment Property segment is promising 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.

In line with our commitment to long-term value creation, ENCORP Berhad continues to strengthen its governance framework despite the loss reported for the quarter. The Group has implemented several key initiatives aimed at enhancing transparency, accountability, and strategic oversight at both the Board and operational levels. These efforts include the enhancement of risk management protocols, expanded internal audit coverage to support more informed decision-making.

The Board remains actively engaged in navigating the Group through current challenges, with a focus on sustainable recovery and restoring stakeholder confidence. These governance enhancements demonstrate our proactive approach to building resilience and ensuring that the Group is well-positioned for long term growth.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA (contd.)****B4. Variance from forecast profit and profit guarantee**

Not applicable.

B5. Income tax

	Quarter and Period-to-date ended	
	30.06.2025	30.06.2024
	RM'000	RM'000
Income tax	(631)	(677)
Deferred tax	190	(252)
	<u>(441)</u>	<u>(929)</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 2025.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 30 June 2025.

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 30 June 2025.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)**

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

B9. Borrowings and debt securities

	As at 30.06.2025	
	Current	Non-current
	RM'000	RM'000
Secured		
Sukuk Murabahah	101,605	308,347
Term loan	9,502	1,944
Revolving credit	51,884	-
Finance lease liabilities	43	111
	<u>163,034</u>	<u>310,402</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 is commenced against BCSB to seek, among others, the following relief:

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA (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 net 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.

On 10th of April 2025, Bumimetro have filed an application to set aside the award in the High Court of Kuala Lumpur. Subsequently, MEDSB in response have filed an enforcement of award application dated 6th of May 2025. The court have ordered for both applications to be heard together. The decision for both application is fixed for 12th September 2025.

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.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA (contd.)****B10. Changes in material litigation (contd.)****(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 Pulau, Daerah Johor Bahru, Johor Darul Takzim” (“Project”).

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2025 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (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.

Due to the reversal of the adjudication decision, the arbitration proceeded in accordance. Pending the conclusion of the arbitration hearing, EIDSB had submitted two (2) separate application against KIMSB. These applications are Security for Cost due to the financial standing of KIMSB and Jurisdictional Objection. Parties have submitted their written submissions for both application on 28th of March 2025. Both of these applications are pending decision by the Arbitrator.

On 20th of August 2025, the Arbitrator had dismissed EIDSB's application for further (i) Security for Cost while EIDSB's application for (ii) Jurisdictional Objection is still pending a final decision. Both of these applications are pending decision by the Arbitrator.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2025 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (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 30 JUNE 2025 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA (contd.)****B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 30 June 2025.

B12. Profit for the period

	Quarter and Period-to-date ended 30.06.2025 RM'000	Year ended 30.06.2025 RM'000
The profit is arrived at after charging/(crediting):		
a) Interest income	(1,765)	(3,036)
b) Other income	(271)	(610)
c) Interest expense	9,489	19,519
d) Depreciation and amortisation	600	1,208
e) Employee benefits	2,960	6,116
f) Unrealised loss on foreign exchange	685	524
g) Operating lease		
- premises	69	86
- equipment	(40)	(31)
h) Expected credit losses on trade and other receivables	-	(2)
i) Unwinding of discount on other liabilities at amortised costs	-	67

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
30 JUNE 2025 (contd.)**

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

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

a) Basic EPS

	Quarter and Period-to-date ended		Year to date ended	
	30.06.2025	30.06.2024	30.06.2025	30.06.2024
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to owners of the parent	(1,687)	948	(4,643)	10,038
Weighted average number of ordinary shares in issue	316,299	316,299	316,299	316,299
Basic EPS (cent)	(0.53)	0.30	(1.47)	3.17

b) Diluted EPS

At the date of this report, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial year is not presented.

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 June 2025.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Company Secretary

Date: 28 Aug 2025