



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2026**

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
31 MARCH 2026**

	Quarter and		Year-to-date ended	
	Period-to-date ended			
	31.03.2026	31.03.2025	31.03.2026	31.03.2025
	RM'000	RM'000	RM'000	RM'000
Revenue	13,986	18,748	13,986	18,748
Cost of sales	(5,217)	(7,764)	(5,217)	(7,764)
Gross profit	8,769	10,984	8,769	10,984
Other income	1,643	1,610	1,643	1,610
Selling and marketing expenses	(276)	(328)	(276)	(328)
Administrative expenses	(5,326)	(4,684)	(5,326)	(4,684)
Finance costs	(7,972)	(10,030)	(7,972)	(10,030)
Other expenses	(585)	(608)	(585)	(608)
Loss before tax	(3,747)	(3,056)	(3,747)	(3,056)
Income tax	(541)	(436)	(541)	(436)
Loss net of tax	(4,288)	(3,492)	(4,289)	(3,492)
Other comprehensive income				
Revaluation of office building	-	-	-	-
Foreign currency translation	376	(114)	376	(114)
Total comprehensive loss for the year	(3,912)	(3,606)	(3,913)	(3,606)
Profit/(Loss) attributable to:				
Owners of the parent	(5,236)	(2,956)	(5,236)	(2,956)
Non-controlling interest	948	(536)	948	(536)
	(4,288)	(3,492)	(4,288)	(3,492)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent	(4,860)	(3,070)	(4,860)	(3,070)
Non-controlling interest	948	(536)	948	(536)
	(3,912)	(3,606)	(3,912)	(3,606)
Loss per share attributable to owner of the parent (sen)				
Basic	(1.66)	(0.93)	(1.66)	(0.93)

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 2025 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

Company No. 200001004231(506836-X)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026**

	As at 31.03.2026 RM'000	As at 31.12.2025 RM'000
Assets		
Non-current assets		
Property, plant and equipment	3,865	3,968
Right-of-use assets	9,755	9,564
Intangible assets	208	225
Investment properties	310,000	310,000
Land held for property development	29,077	29,050
Trade and other receivables	111,656	140,023
Deferred tax assets	5,116	5,113
	<u>469,672</u>	<u>497,943</u>
Current assets		
Property development costs	52,132	50,838
Inventories	59,905	57,620
Contract assets	3,549	11,061
Tax recoverable	129	106
Trade and other receivables	151,493	139,650
Other current assets	804	253
Other investments	180,980	146,052
Cash and cash equivalents	3,326	5,256
	<u>452,318</u>	<u>410,836</u>
Total assets	<u>921,990</u>	<u>908,779</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026 (contd.)**

	As at 31.03.2026 RM'000	As at 31.12.2025 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	85,039	90,940
Other current liabilities	3,823	3,823
Contract liabilities	6,213	6,481
Loans and borrowings	175,087	169,669
Lease liabilities	2,210	2,035
Income tax payable	1,058	1,145
	<u>273,430</u>	<u>274,093</u>
Non-current liabilities		
Trade and other payables	28,344	14,199
Loans and borrowings	193,169	189,732
Lease liabilities	11,052	11,049
Deferred tax liabilities	4,812	4,614
	<u>237,377</u>	<u>219,594</u>
Total liabilities	<u>510,807</u>	<u>493,687</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	33,604	33,229
Accumulated Loss	(113,936)	(108,703)
	<u>318,357</u>	<u>323,215</u>
Non-controlling interest	92,826	91,877
Total equity	<u>411,183</u>	<u>415,092</u>
Total equity and liabilities	<u>921,990</u>	<u>908,779</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.01</u>	<u>1.02</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2025 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 MARCH 2026

	←	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 2026	399,016	(327)	33,229	(108,703)	323,215	91,877	415,092
Loss for the period	-	-	-	(5,236)	(5,236)	948	(4,289)
Other comprehensive profit	-	-	375	-	375	-	375
Total comprehensive loss for the period	-	-	375	(5,236)	(4,861)	948	(3,914)
At 31 MARCH 2026	399,016	(327)	33,604	(113,936)	318,357	92,826	411,183
At 1 January 2025	399,016	(327)	32,363	(96,023)	335,029	91,441	426,470
Loss for the period	-	-	-	(2,956)	(2,956)	(536)	(3,492)
Other comprehensive profit	-	-	(114)	-	(114)	-	(114)
Total comprehensive loss for the period	-	-	(114)	(2,956)	(3,070)	(536)	(3,606)
At 31 MARCH 2025	399,016	(327)	32,249	(98,978)	331,959	90,905	422,864

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 31 MARCH 2026

	Period ended	
	31.03.2026	31.03.2025
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(3,747)	(3,056)
<u>Adjustments</u>		
Depreciation	585	586
Depreciation of right-of-use assets	(191)	-
Amortisation of intangible assets	22	22
Interest expenses	14,307	9,553
Gain on money market investment security	(3,855)	(1,076)
Distribution income from money market investment security	(265)	(110)
Interest income	(95)	(85)
Expected credit losses	25	(2)
Unwinding of discount on other liabilities at amortised cost	3	67
Operating profit before working capital changes	6,789	5,899
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(1,321)	(1,609)
Inventories	(2,285)	4,004
Trade and other receivables	16,500	19,858
Contract assets and contract liabilities	7,244	4,350
Other current assets	(551)	(93)
Trade and other payables	9,186	(6,410)
Cash generated from operations	35,562	25,999
Tax paid	(651)	(1,067)
Interest paid	(8,391)	4,141
Net cash generated from operating activities	26,520	29,073

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2026 (contd.)

	Period ended	
	31.03.2026	31.03.2025
	RM'000	RM'000
Cash flows from investing activities		
Interest received	95	85
Acquisition of property, plant and equipment	(482)	(43)
Placement of investment security	(30,808)	(22,517)
Net cashflow used in investing activities	(31,195)	(22,475)
Cash flows from financing activities		
Net borrowing of loans & borrowing	3,133	-
Placement of deposits	(825)	(3)
Net payment in finance lease payables	(16)	(419)
Net cashflow generated from financing activities	2,292	(422)
Net (decrease)/increase in cash and cash equivalents	(2,383)	6,176
Effect of exchange rate changes	(375)	(114)
Cash and cash equivalents at beginning of period	4,046	16,789
Cash and cash equivalents at end of period	1,291	22,851
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,440	943
- Licensed corporation	36	35
Cash and bank balances	850	22,850
	3,326	23,828
Less: Bank balances and deposits pledged	(2,035)	(977)
Cash and cash equivalents at end of period	1,291	22,851

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2025 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 MARCH 2026

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

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

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2025. 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 2025.

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 2025, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2026. The adoption of the following amendments to MFRS and IC Interpretations does not have significant impact to the unaudited condensed financial statements for the current financial period.

a) Amendments to MFRSs effective for the financial periods beginning on or after 1 January 2026

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures
*Amendments to the Classification and Measurement of Financial Instruments and
Contracts Referencing Nature-dependent Electricity
Annual Improvements to MFRS Accounting Standards - Volume 11*

b) Amendments to MFRSs effective for the financial periods beginning on or after 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements
MFRS 19 and Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures
*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Translation
to a Hyperinflationary Presentation Currency Annual Improvements to MFRS Accounting
Standards - Volume 11*

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2026 (contd.)**

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)

A2. Summary of significant accounting policies (contd.)

c) Effective date of these Amendments to Standards has been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The above pronouncements are either not relevant or do not have any material impact to the Group's financial statements.

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2025 were not subject to any qualification.

A4. Comments about seasonal or cyclical factors

The Group's performance is not affected by any seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

There were no unusual items for the financial year 31 March 2026.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2026 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A6. Debt and equity securities**

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended except for the following:

a) Treasury shares

As at 31 March 2026, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM68.4 million is scheduled in May 2026.

The Sukuk Murabahah was issued in May 2012 by a subsidiary company, Encorp Systembilt Sdn Bhd ('ESSB') to refinance the entire amount outstanding under Al-Bai' Bithaman Ajil Notes and to fund the Trustee' Reimbursement Account.

The Sukuk Murabahah is secured by the assignment of the contract Concession Payments, a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary and a first ranking charge and assignment of the designated accounts which include an Escrow Account and a Finance Service Reserve Account. ESSB is a special purpose vehicle and these Sukuk Murabahah raised do not have any financial recourse to the Group.

A7. Dividend paid

No dividend was paid during the quarter ended 31 March 2026.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2026 (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 period ended 31 March 2026 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	-	6,175	4,734	2,465	485	199	(71)	13,986
Inter-segment	1,950	-	-	-	-	-	(1,950)	-
Total Revenue	1,950	6,175	4,734	2,465	485	199	(2,021)	13,986
Results:								
Segment results	1,638	3,733	(3,973)	(2,593)	(1,804)	(438)	2,071	(1,366)
Interest income	1	1,239	2,402	1	9	0	(2,326)	1,326
Interest expense	(485)	(6,142)	(1,338)	(2,326)	(1)	(5)	2,326	(7,972)
Depreciation and amortisation	(514)	-	(30)	(35)	(1)	(5)	-	(585)
Profit/(Loss) before tax	640	(1,171)	(2,939)	(4,954)	(1,797)	(448)	2,071	(8,597)

* This segment represents facilities management and general trading.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2026 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A9. Material events subsequent to the balance sheet date**

There was no material events subsequent to the financial year ended 31 March 2026 up to the date of this report.

A10. Changes in the composition of the Group

There is no material change in the composition of the Group for the financial year ended 31 March 2026 up to the date of this report.

A11. Changes in the contingent liabilities

	31.03.2026 RM'000	31.03.2025 RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	8,023	8,252

A12. Capital commitments

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2026 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA****B1. Performance review****a) Performance of the current quarter against the preceding year corresponding quarter
(Q1-2026 vs. Q1-2025)**

The Group recorded a revenue of RM13.9 million in Q1-2026, a decrease of 25% compared to Q1-2025. This decrease was attributed to lower revenue from Property Development segment.

In Q1-2026, the Group reported a loss before tax of RM3.7 million, compared to a loss before tax of RM3.0 million in Q1-2025.

Property Development

In Q1 2026, the Property Development segment generated RM4.7 million in revenue, reflecting a 22% decrease from RM6.1 million reported in Q1 2025.

In Q1 2026 sales of Tilia and Lamanda Chuping Phase 1 RMM project contributed around RM4.7 million compared to Q1 2025 sales of Tilia, Lamanda Chuping Phase 1 RKS, Lamanda Chuping Phase 1 RMM , Cahaya Kristal as well Encorp Marina project which contributed around RM6.1 million.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 DECEMBER 2025 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
(contd.)****B1. Performance review (contd.)****a) Performance of the current quarter against the preceding year corresponding quarter
(Q1-2026 vs. Q1-2025) (contd.)****Investment Property**

The segment's revenue recorded an increase of 4.3% or RM0.1million in Q1-2026, up from RM2.3 million in Q1-2025. This revenue growth is mainly attributed to higher occupancy rates for Strand Mall from 77% in Q1-2025 to 81% in Q1-2026.

With these positive developments in revenue, the segment's loss before tax showed an improvement, with losses reducing from RM2.6 million in YTD Q1-2025 to RM0.3 million in YTD Q1-2026, an enhancement of RM2.3 million.

Concessionaire

The concession division recorded a revenue of RM8.8 million in Q1-2025 compared to a revenue of RM6.1 million in Q1-2026. This represents a decrease of RM2.7 million or approximately 30.6% 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 recognised as revenue.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2026 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA (contd.)****B2. Comparison with Immediate Preceding Quarter**

The Group recorded revenue of RM13.9 million in Q1-2026, reflecting a 27% decrease compared to Q4-2025.

Concession Income: Revenue stood at RM6.1 million, representing a 9.13% decrease from Q4-2025. 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 45% decrease, amounting to a variance of RM3.9 million. The decrease was mainly due to lower revenue of RM6.1 million from Tilia projects.

Facility Management: Revenue remain unchanged at RM0.20 million for both quarter.

Rental Income: Improved by 1% from RM2.1 million in Q4-2025 to RM2.4 million Q1-2026, mainly attributed to higher occupancy rates for Strand Mall from 76% to 81%.

Contract Revenue: Recorded a decrease of 65% from RM1.4 million in Q4 2025 to RM0.5 million in Q1 2026 mainly from replanting and logistic stream.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2026 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects****General Industry/Market Outlook**

In year 2026, Malaysia's economy is projected to sustain a growth momentum of 4.0% to 4.5%. However, this growth outlook is increasingly influenced by global geopolitical developments, most notably the escalating tensions in West Asia, which have introduced new complexities to global travel and trade logistics.

To mitigate these headwinds, the industry is increasingly relying on the resilience of regional markets. Malaysia's strong connectivity and trade ties with ASEAN neighbours, China and India are expected to serve as a crucial stabilising buffer for the hospitality and retail sectors.

Government policy support remains a vital catalyst for the property sector. Budget 2026 initiatives, such as the Housing Credit Guarantee Scheme (SJKP) allocation of RM20 billion and the extension of full stamp duty exemption for first-time homebuyers purchasing homes priced up to RM500,000 until end-2027, are expected to support market momentum. Continued infrastructure development and transit-oriented growth are also expected to support longer-term demand.

Overall, the property market is expected to remain stable, supported by economic growth, policy support, domestic demand and a continued preference for better-quality, well-located and more sustainable developments.

Internal Company Strategic Prospect

The development of Tilia Shah Alam, which features 112 two-storey superlink homes completed in the second quarter of 2026, presents a valuable opportunity for buyers looking for quality residential options in Shah Alam.

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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2026 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA (contd.)****B4. Variance from forecast profit and profit guarantee**

Not applicable.

B5. Income tax

	Quarter and Period-to-date ended	
	31.03.2026	31.03.2025
	RM'000	RM'000
Income tax	(545)	(425)
Deferred tax	4	(11)
	<u>(541)</u>	<u>(436)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

B6. Disposal of unquoted investments, assets and properties

There were no disposal of unquoted investments and/or properties for the financial year ended 31 March 2026.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 31 March 2026.

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 March 2026.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2026 (contd.)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	As at 31.03.2026	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	114,884	191,011
Term loan	11,160	2,083
Revolving credit	49,000	-
Finance lease liabilities	43	74
	<u>175,087</u>	<u>193,169</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:

- 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 and other reliefs the Tribunal may deem appropriate.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2026 (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.)**

BCSB 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 27 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 10 January 2025, however it does not affect the outcome and the sum of the award towards either MEDSB or BCSB.

On 11 April 2025, BCSB has filed an application to set aside the award stating, among other grounds, that the arbitrator is biased towards MEDSB. Concurrently, MEDSB filed an application to enforce the award.

On 19 September 2025, the High Court has dismissed BCSB's application to set aside the award and allowed MEDSB enforcement of award application which was heard simultaneously. Following this decisions, BCSB had on 10 October 2025 filed an appeal at the Court of Appeal against both decision of the High Court.

The case is currently pending hearing of the appeal, of which the dates are yet to be fixed by the Court of Appeal. The current case management date is scheduled on 23 September 2026.

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 31 MARCH 2026 (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**

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 31 MARCH 2026 (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.

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 application are Security for Cost due to the financial standing of KIMSB and Jurisdictional Objection. Parties have submitted their written submissions for both applications on 28th of March 2025.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2026 (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.)**

On 21st July 2024, EIDSB filed 2 separate applications to the Arbitrator against KIMSB. These applications are (i) Jurisdictional Objection against KIMSB position as Respondent in this case due to KIMSB having been wound-up and did not have the required court sanction to proceed in this matter and (ii) Further Security for Cost due to KIMSB status as a wound-up company.

On 20th August 2025, the Arbitrator dismissed EIDSB application for further Security for Cost since EIDSB have been awarded a sum of RM200,000.00 previously under a similar application at the early stages of the Arbitration. The Arbitrator has also directed KIMSB to file a request at the High Court for a sanction to allow them to proceed in this Arbitration hearing. No further dates were fixed pending the conclusion of KIMSB's sanction application at the High Court.

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 MARCH 2026 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
(contd.)****B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 31 March 2026.

B12. Profit for the period

	Quarter and Period-to-date ended 31.03.2026 RM'000
The profit is arrived at after charging/(crediting):	
a) Interest income	(1,320)
b) Other income	(323)
c) Interest expense	7,972
d) Depreciation and amortisation	582
e) Employee benefits	3,699
f) Operating lease	
- premises	3
- equipment	39
g) Expected credit losses on trade and other receivables	(25)
h) Unwinding of discount on other liabilities at amortised costs	<u>(1,674)</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 2026 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
(contd.)****B13. (Loss)/Earnings per share ("EPS")**

a) Basic EPS

	Quarter and Period-to-date ended	
	31.03.2026	31.03.2025
	RM'000	RM'000
Loss attributable to owners of the parent	<u>(5,236)</u>	<u>(2,956)</u>
Weighted average number of ordinary shares in issue	<u>316,299</u>	<u>316,299</u>
Basic EPS (sen)	<u>(1.66)</u>	<u>(0.93)</u>

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 22 May 2026.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Siti Masitah Binti Ibrahim

Company Secretary

Date: 22 May 2026