



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020**

ENCORP BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 31 MARCH 2020**

	Quarter and Year-to-date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Revenue	30,158	40,305
Cost of sales	<u>(10,951)</u>	<u>(13,689)</u>
Gross profit	19,207	26,616
Other income	2,219	1,596
Selling and marketing expenses	(199)	(228)
Administrative expenses	(6,430)	(6,577)
Finance costs	(29,602)	(23,796)
Other expenses	<u>(602)</u>	<u>(191)</u>
Loss before tax	(15,407)	(2,580)
Income tax	<u>(157)</u>	<u>(602)</u>
Loss net of tax	(15,564)	(3,182)
Other comprehensive income/(loss)		
Foreign currency translation	<u>1,245</u>	<u>268</u>
Total comprehensive loss for the year	<u>(14,319)</u>	<u>(2,914)</u>
Profit/(Loss) attributable to:		
Owners of the parent	(14,694)	(3,454)
Non-controlling interest	<u>(870)</u>	<u>272</u>
	<u>(15,564)</u>	<u>(3,182)</u>
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(13,449)	(3,186)
Non-controlling interest	<u>(870)</u>	<u>272</u>
	<u>(14,319)</u>	<u>(2,914)</u>
Loss per share attributable to owner of the parent (sen)		
Basic	<u>(4.80)</u>	<u>(1.13)</u>

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 2019 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 MARCH 2020**

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Assets		
Non-current assets		
Property, plant and equipment	5,218	5,298
Right-of-use assets	21,143	21,056
Intangible assets	7,439	7,470
Investment properties	303,050	303,050
Land held for property development	501,182	501,581
Trade and other receivables	681,425	692,239
Other investments	4,111	4,301
Deferred tax assets	15,312	15,068
	<u>1,538,880</u>	<u>1,550,063</u>
Current assets		
Property development costs	9,448	66,903
Inventories	130,159	81,219
Contract assets	8,653	5,452
Tax recoverable	1,241	1,094
Trade and other receivables	110,496	115,524
Other current assets	407	381
Other investments	165,351	123,215
Cash and cash equivalents	22,832	45,853
	<u>448,587</u>	<u>439,641</u>
Total assets	<u>1,987,467</u>	<u>1,989,704</u>

ENCORP BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 (contd.)**

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	335,297	346,845
Other current liabilities	14,538	14,538
Contract liabilities	3,164	4,181
Loans and borrowings	120,102	125,014
Income tax payable	13	701
	<u>473,114</u>	<u>491,279</u>
Non-current liabilities		
Trade and other payables	293,335	286,447
Loans and borrowings	798,317	775,053
Deferred tax liabilities	3,796	3,701
	<u>1,095,448</u>	<u>1,065,201</u>
Total liabilities	<u>1,568,562</u>	<u>1,556,480</u>
Equity attributable to owners of parent		
Share capital	397,280	397,280
Treasury shares	(327)	(327)
Other reserves	4,147	2,902
Accumulated Loss	(68,660)	(53,966)
	<u>332,440</u>	<u>345,889</u>
Non-controlling interest	86,465	87,335
Total equity	<u>418,905</u>	<u>433,224</u>
Total equity and liabilities	<u>1,987,467</u>	<u>1,989,704</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.09</u>	<u>1.13</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2020**

	← Non-distributable →			Accumulated Loss RM'000	Non-controlling		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000		Total interest RM'000	Total RM'000	
At 1 January 2020	397,280	(327)	2,902	(53,966)	345,889	87,335	433,224
Loss for the year	-	-	-	(14,694)	(14,694)	(870)	(15,564)
Other comprehensive income	-	-	1,245	-	1,245	-	1,245
Total comprehensive income/(loss) for the year	-	-	1,245	(14,694)	(13,449)	(870)	(14,319)
At 31 March 2020	397,280	(327)	4,147	(68,660)	332,440	86,465	418,905
At 1 January 2019	392,898	(327)	3,210	(7,569)	388,212	82,343	470,555
(Loss)/Profit for the year	-	-	-	(3,454)	(3,454)	272	(3,182)
Other comprehensive income	-	-	268	-	268	-	268
Total comprehensive income/(loss) for the year	-	-	268	(3,454)	(3,186)	272	(2,914)
Transaction with owners:							
Private placement exercise	4,382	-	-	-	4,382	-	4,382
At 31 March 2019	397,280	(327)	3,478	(11,023)	389,408	82,615	472,023

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2020**

	Year-to-date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(15,407)	(2,580)
<u>Adjustments:</u>		
Depreciation	571	156
Amortisation of intangible assets	31	35
Interest expenses	29,602	21,116
Gain on disposal of investment security	(23)	(39)
Distribution income from money market investment security	(1,032)	(982)
Interest income	(768)	(179)
Impairment of trade receivables	70	-
Unrealised loss on forex	2,082	448
Operating profit before working capital changes	15,126	17,975
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	57,854	1,398
Inventories	(48,940)	1,309
Trade and other receivables	13,690	13,060
Contract assets and contract liabilities	(4,218)	(338)
Other current assets	(26)	322
Trade and other payables	(14,215)	(15,105)
Other current liabilities	-	(7,273)
Cash generated from operations:	19,271	11,348
Income tax paid	(1,141)	(3,900)
Interest paid	(1,472)	(1,628)
Net cash generated from operating activities	16,658	5,820

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)**

	Year-to-date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from investing activities		
Interest received	791	218
Acquisition of property, plant and equipment	(30)	(12)
Addition of Right-of-use assets	(548)	-
Distribution income received	1,032	982
Placement of investment security	(41,946)	(18,151)
Net cashflow used in investing activities	<u>(40,701)</u>	<u>(16,963)</u>
Cash flows from financing activities		
Net of drawdown/(repayment) of loans & borrowing	175	(22,709)
Withdrawal of deposits pledged	18	2
Proceeds received from private Placement	-	4,382
Net payment in finance lease payables	(25)	-
Net cashflow generated from/(used in) financing activities	<u>168</u>	<u>(18,325)</u>
Net decrease in cash and cash equivalents	(23,875)	(29,468)
Effect of exchange rate changes	872	268
Cash and cash equivalents at beginning of period	42,868	60,957
Cash and cash equivalents at end of period	<u>19,865</u>	<u>31,757</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,936	2,895
- Licensed corporation	31	31
Cash and bank balances	<u>19,865</u>	<u>31,657</u>
	22,832	34,583
Add: Disposal group held for sale	-	100
Less: Bank balances and deposits pledged	<u>(2,967)</u>	<u>(2,926)</u>
Cash and cash equivalents at end of period	<u>19,865</u>	<u>31,757</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020****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 2019. 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 2019.

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 2019, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2020. 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 and IC Interpretations effective for the financial periods beginning on or after 1 January 2020

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities With Equity	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Considerations	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets	1 January 2020

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (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**

The Group expected the adoption of the following standards will have no significant impact to the financial statements in the period of initial application.

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2022
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2019 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 incidenceUnrealised foreign exchange loss

Included in the results is an unrealised foreign exchange loss of RM2.1 million. This unrealised loss is from weakening of the Australian dollar against the Malaysian Ringgit on the translation of the amount due from a foreign subsidiary.

[The rest of this page is intentionally left blank]

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (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 2020, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment of Sukuk Murabahah amounting to RM68.7 million is scheduled in May 2020.

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 2020.

[The rest of this page is intentionally left blank]

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020 (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 2020 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Facilities management RM'000	Others*	Adjustments and Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	18,779	10,091	1,288	-	-	-	30,158
Inter-segment	1,736	-	-	238	-	-	(1,974)	-
Total Revenue	1,736	18,779	10,091	1,526	-	-	(1,974)	30,158
Results:								
Segment results	(3,190)	18,636	(1,337)	(126)	(39)	(158)	(812)	12,974
Interest income	871	1,032	3,187	-	1	1	(3,269)	1,823
Interest expense	(724)	(18,260)	(11,449)	(2,431)	-	(7)	3,269	(29,602)
Depreciation and amortisation	(540)	-	(19)	(17)	(1)	-	(25)	(602)
(Loss)/Profit before tax	(3,583)	1,408	(9,618)	(2,574)	(39)	(164)	(837)	(15,407)

* This segment represents Trading, Food and Beverage and Construction Contract Management divisions.

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (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 period ended 31 March 2020 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 period ended 31 March 2020 up to the date of this report.

A11. Changes in contingent liabilities

	31.03.2020	31.03.2019
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	11,828	11,828

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 period.

[The rest of this page is intentionally left blank]

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020 (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 (1Q20 vs. 1Q19)

The Group's revenue for the quarter ended 31 March 2020 ("1Q20") of RM30.2 million is 25.1% lower than the previous year's quarter ended 31 March 2019 ("1Q19") revenue of RM40.3 million. The decrease in Group revenue is reflective of soft property market amid the unprecedented economic change from Covid-19 outbreak and lower revenue generated from its on-going projects.

Group loss before tax for 1Q20 widened to RM15.4 million against the previous year's corresponding quarter loss before tax 1Q19 of RM2.6 million. Group loss before tax for current quarter is significantly contributed by the finance cost on Bukit Katil Land to ultimate holding body, Federal Land Development Authority ("FELDA") amounting to RM9.6 million and unrealised foreign exchange loss of RM2.1 million. Out of the financial costs owing to FELDA, RM6.5 million is the accretion of interest on land which is now charged to profit or loss, as opposed to being capitalised in 1Q19.

The exclusion of the finance costs to FELDA of RM9.6 million and huge unrealised foreign exchange loss of RM2.1 million, the Group loss before tax would be minimised to RM3.7 million. Further details of the Group's performance will be discussed in the segment review below.

Property Development

Property development is Encorp's core business division. This segment has recorded lower revenue of RM10.1 million for the quarter 1Q20 as compared to the revenue of RM18.7 million in 1Q19. The decrease in revenue for property development segment is due to weak consumer sentiment in property industry arising from the Covid-19 pandemic crisis which began in late 2019. Furthermore, Movement Control Order ("MCO") which started on 18 March 2020 has also impacted on the work progress of on-going property projects.

Loss before tax for the segment in 1Q20 is RM9.6 million compared to a profit before tax of RM1.0 million in 1Q19 reflecting a significant decrease in profit of RM10.6 million. Decrease in profit for the quarter is due to interest expense charged by FELDA of RM3.1 million and accretion of interest on Bukit Katil Land of RM6.5 million.

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (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
(1Q20 vs. 1Q19) (contd.)**

Investment Property

The revenue for the investment property segment in both 1Q20 and 1Q19 is RM1.3 million.

The management is reviewing its plans to intensify marketing plans and strengthen leasing activities to improve occupancy rate at Encorp Strand Mall as well as footfall traffic in this challenging current retail environment.

Concessionaire

The concession division recorded revenue of RM18.8 million in 1Q20 as compared to revenue of RM20.2 million in 1Q19.

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.

[The rest of this page is intentionally left blank]

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)

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

B2. Comparison with Immediate Preceding Quarter

The revenue for the Group for 1Q20 of RM30.2 million is lower by RM32.1 million as compared to revenue for 4Q19 of RM62.3 million. Loss before tax in 1Q20 has improved by RM2.3 million from loss before tax of RM17.7 million in 4Q19 to RM15.4 million in 1Q20.

In 4Q19, significant revenue is contributed from Dahlia project. The project was completed in October 2019 and Clover project has just started in November 2019 and it is still under initial stage of development. As a result, 1Q20 has recorded lower group revenue due to lower contribution from on-going projects.

Decrease in loss before tax in 1Q20 as compared to 4Q19 is due to the recognition of impairment in investment property and intangible assets in previous quarter.

B3. Commentary on prospects

The outlook of property and retail sectors remains challenging with global economic growth declining and outbreak of Covid-19 has further added fuel to the challenges in property and retail industry. The outbreak has triggered Movement Control Order (“MCO”) from 18 March 2020, putting the property transaction and retail activity to a standstill.

Property market is expected to take some time to recover and rebound, whilst landed residential market to remain active compared to high-rise development given high oversupply. Retail industry on the other hand continue to be under pressure as the pandemic has negatively affected the sentiment of consumers. The Group will focus on cost rationalisation to continue to be competitive in the current and challenging business environment.

The Group shall continue to develop and introduce innovative marketing and pricing strategies to improve sales of project that has been launched specifically the landed residential units at the Encorp Cahaya Alam in Shah Alam. While the property outlook is experiencing challenging market due to Covid-19 pandemic crisis, the landed residential properties generate better interest compared to high-rise properties. Due to the completion of several developments in the surrounding area of Encorp Cahaya Alam, these has improved the accessibility to the township. The Group will continue to launch its projects in Cahaya Alam which is located in a mature township coupled with excellent access.

B4. Variance from forecast profit and profit guarantee

Not applicable.

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)**

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

B5. Income tax

	Quarter and Year-to-date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Income tax	(306)	(689)
Deferred tax	149	87
	<u>(157)</u>	<u>(602)</u>

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

B6. Disposal of unquoted investments, assets and properties

There were no disposal of unquoted investments and/or properties for the financial period ended 31 March 2020.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 31 March 2020.

B8. Borrowings and debt securities

	As at 31.03.2020	
	Current	Non-current
	RM'000	RM'000
Secured		
Sukuk Murabahah	63,079	740,202
Term loan	13,501	36,891
Revolving credit	42,450	-
Lease liabilities	1,072	21,224
	<u>120,102</u>	<u>798,317</u>

ENCORP BERHAD

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)

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

B9. Changes in material litigation

(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd

Must Ehsan Development Sdn Bhd ('MEDSB') has on 5th July 2018, served a Notice to Arbitrate dated 4th July 2018 on Bumimetro Construction Sdn Bhd ('BCSB') 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) MEDSB's claim of RM24,630,000.00 for liquidated damages;
- b) MEDSB's claim of RM2,320,346.77 for increased cost incurred for appointment of 3rd party contractors;
- c) MEDSB's claim of 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.

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 31 March 2020.

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.

ENCORP BERHAD

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)

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

B9. Changes in material litigation (contd.)

(b) Encorp Iskandar Development Sdn Bhd and Konsortium Ipmine 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 Ipmine 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”).

The arbitration proceeding is commenced against KIMSB to seek, among others, the following relief:

- a) EIDSB’s claim of RM11,760,000.00 for liquidated damages;
- b) EIDSB’s claim of RM163,500.00 for direct payment to sub-contractors;
- c) EIDSB’s claim of RM13,084,610.00 for cost in rectifying the defective works and completing the outstanding works;
- d) In the alternative to (a), (b) & (c) above, such other amount as assessed by the Arbitrator;
- e) Loss of profit for the delay of the works;
- 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.

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B9. 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.

B10. Dividends

The Board of Directors did not recommend any dividend for the quarter ended 31 March 2020.

B11. Profit for the period

	Quarter and Year-to-date ended 31.03.2020 RM'000
The profit/loss is arrived at after charging/(crediting):	
a) Interest income	(1,823)
b) Other income	(396)
c) Interest expense	29,602
d) Depreciation and amortisation	602
e) Employee benefits	2,749
f) Unrealised loss on foreign exchange	2,082
g) Operating lease	
- equipment	31
- others	1
h) Impairment loss for receivables	<u>70</u>

ENCORP BERHAD

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

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2020 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B12. Earnings/(Loss) per share ("EPS")**

a) Basic EPS

	Quarter and Year-to-date ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Loss attributable to owners of the parent	<u>(14,694)</u>	<u>(3,454)</u>
Weighted average number of ordinary shares in issue	<u>306,088</u>	<u>306,088</u>
Basic EPS (sen)	<u>(4.80)</u>	<u>(1.13)</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 period is not presented.

B13. 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 29 June 2020.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Lee Lay Hong

Company Secretary

Date: 29 June 2020