



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023**

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 31 MARCH 2023**

	Quarter and	
	Period-to-date ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Revenue	21,397	44,129
Cost of sales	<u>(5,503)</u>	<u>(16,882)</u>
Gross profit	15,894	27,247
Other income	1,712	953
Selling and marketing expenses	(608)	(185)
Administrative expenses	(6,296)	(2,094)
Finance costs	(14,365)	(16,151)
Other expenses	<u>(600)</u>	<u>(591)</u>
(Loss)/Profit before tax	(4,263)	9,179
Income tax	<u>(680)</u>	<u>(4,938)</u>
(Loss)/Profit net of tax	(4,943)	4,241
Other comprehensive income/(loss)		
Foreign currency translation	469	(1,481)
Total comprehensive profit/(loss) for the year	<u>(4,474)</u>	<u>2,760</u>
Profit/(Loss) attributable to:		
Owners of the parent	(4,288)	3,073
Non-controlling interest	<u>(655)</u>	<u>1,168</u>
	<u>(4,943)</u>	<u>4,241</u>
Total comprehensive profit/(loss) attributable to:		
Owners of the parent	(3,819)	1,592
Non-controlling interest	<u>(655)</u>	<u>1,168</u>
	<u>(4,474)</u>	<u>2,760</u>
Earnings/(Loss) per share attributable to owner of the parent (sen)		
Basic	<u>(1.36)</u>	<u>0.97</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Company No. 200001004231(506836-X)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Assets		
Non-current assets		
Property, plant and equipment	5,543	5,523
Right-of-use assets	15,083	15,585
Intangible assets	145	152
Investment properties	291,804	291,780
Land held for property development	26,653	26,590
Trade and other receivables	434,063	457,023
Deferred tax assets	1,849	2,040
	<u>775,140</u>	<u>798,693</u>
Current assets		
Property development costs	36,096	31,681
Inventories	76,952	78,553
Contract assets	8,430	7,558
Tax recoverable	2,779	1,242
Trade and other receivables	102,910	107,011
Other current assets	779	398
Other investments	167,611	139,680
Cash and cash equivalents	31,099	36,070
	<u>426,656</u>	<u>402,193</u>
Total assets	<u>1,201,796</u>	<u>1,200,886</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023 (contd.)**

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	60,621	69,540
Other current liabilities	3,823	3,823
Contract liabilities	1,906	3,923
Loans and borrowings	143,630	137,318
Income tax payable	-	906
	<u>209,980</u>	<u>215,510</u>
Non-current liabilities		
Trade and other payables	31,437	30,867
Loans and borrowings	536,807	526,524
Deferred tax liabilities	5,003	4,942
	<u>573,247</u>	<u>562,333</u>
Total liabilities	<u>783,227</u>	<u>777,843</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	24,358	23,889
Accumulated Loss	(92,930)	(88,642)
	<u>330,117</u>	<u>333,936</u>
Non-controlling interest	88,452	89,107
Total equity	<u>418,569</u>	<u>423,043</u>
Total equity and liabilities	<u>1,201,796</u>	<u>1,200,886</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.04</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 2022 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 2023**

	← Non-distributable →			Accumulated Loss	Non-controlling		Total equity
	Share capital	Treasury shares	Other reserves		Total	interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
Loss for the year	-	-	-	(4,288)	(4,288)	(655)	(4,943)
Other comprehensive profit	-	-	469	-	469	-	469
Total comprehensive profit/(loss) for the period	-	-	469	(4,288)	(3,819)	(655)	(4,474)
At 31 March 2023	399,016	(327)	24,358	(92,930)	330,117	88,452	418,569
At 1 January 2022	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844
Profit for the period	-	-	-	3,073	3,073	1,168	4,241
Other comprehensive loss	-	-	(1,481)	-	(1,481)	-	(1,481)
Total comprehensive (loss)/profit for the period	-	-	(1,481)	3,073	1,592	1,168	2,760
At 31 March 2022	399,016	(327)	22,080	(65,428)	355,341	88,263	443,604

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2022 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 2023**

	Period ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(4,263)	9,179
<u>Adjustments:</u>		
Depreciation	593	586
Amortisation of intangible assets	7	5
Interest expenses	14,365	16,151
Gain on money market investment security	(1,223)	(613)
Distribution income from money market investment security	(53)	(8)
Interest income	(121)	(53)
Unrealised loss/(gain) on forex	670	(2,068)
Operating profit before working capital changes	<u>9,975</u>	<u>23,179</u>
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(4,478)	3,743
Inventories	1,601	(2,508)
Trade and other receivables	26,391	909
Contract assets and contract liabilities	(872)	20,211
Other current assets	(381)	199
Trade and other payables	(8,658)	8,292
Other current liabilities	(2,017)	-
Cash generated from operations	<u>21,561</u>	<u>54,025</u>
Tax paid	(2,871)	(1,565)
Interest paid	(873)	(940)
Net cash generated from operating activities	<u>17,817</u>	<u>51,520</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2023 (contd.)**

	Period ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Cash flows from investing activities		
Interest received	121	53
Acquisition of property, plant and equipment	(111)	(40)
Acquisition of intangible assets	-	(88)
Additions on investment properties	(24)	-
Distribution income received	-	8
Placement of investment security	(26,655)	(21,436)
Net cashflow used in investing activities	<u>(26,669)</u>	<u>(21,503)</u>
Cash flows from financing activities		
Net borrowing of loans & borrowing	4,206	(4,400)
Placement of deposits	1,826	(23)
Net payment in finance lease payables	(677)	(620)
Net cashflow generated from/(used in) financing activities	<u>5,355</u>	<u>(5,043)</u>
Net (decrease)/increase in cash and cash equivalents	(3,497)	24,974
Effect of exchange rate changes	352	(1,113)
Cash and cash equivalents at beginning of period	33,254	42,158
Cash and cash equivalents at end of period	<u>30,109</u>	<u>66,019</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	957	2,783
- Licensed corporation	33	33
Cash and bank balances	<u>30,109</u>	<u>66,019</u>
	31,099	68,835
Less: Bank balances and deposits pledged	<u>(990)</u>	<u>(2,816)</u>
Cash and cash equivalents at end of period	<u>30,109</u>	<u>66,019</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023****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 2022. 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 2022.

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 2022, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2022. 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 2022

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (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 16 Leases	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2024
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 2022 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 2023.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (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 2023, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM65.9 million is scheduled in November 2023.

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 2023.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2023 (contd.)**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A8. Segmental information**

The Group's segment revenue and results are presented by industry segments for the year ended 31 March 2023 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	13,411	6,574	1,412	-	-	-	21,397
Inter-segment	960	-	-	215	-	820	(1,995)	-
Total Revenue	960	13,411	6,574	1,627	-	820	(1,995)	21,397
Results:								
Segment results	(6,335)	13,086	(706)	(952)	(133)	(242)	4,587	9,305
Interest income	706	1,241	2,593	1	-	1	(3,145)	1,397
Interest expense	(567)	(12,917)	(1,558)	(2,463)	(4)	(1)	3,145	(14,365)
Depreciation and amortisation	(476)	(1)	(18)	(79)	-	-	(26)	(600)
(Loss)/Profit before tax	(6,672)	1,409	311	(3,493)	(137)	(242)	4,561	(4,263)

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (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 2023 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 2023 up to the date of this report.

A11. Changes in contingent liabilities

	31.03.2023	31.03.2022
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	8,848	11,798

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 2023 (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
(Q1-2023 vs. Q1-2022)**

The Group reported a revenue of RM21.4 million in Q1-2023, representing 51.5% or RM22.7 million lower than Q1-2022. The decrease in revenue was primarily due to a lower contribution from the property development segment. Further details are explained in the segmental review.

The Group posted a loss before tax of RM4.3 million in Q1-2023 as opposed to the profit before tax of RM9.2 million in Q1-2022. The loss before tax in Q1-2023 was largely attributed to the reduction in revenue. The losses in Q1-2023 further widened due to the strengthening of MYR against AUD currency on the foreign receivables, resulting in the loss on foreign exchange of RM0.7mil.

Property Development

The property development segment reported a lower revenue of RM6.6 million in Q1-2023, a decrease of RM20.7 million from the revenue of RM27.3 million recorded in Q1-2022. This decline was mainly attributable to lower revenue contributions from the Group's on-going phases in Cahaya Alam. The on-going phases in Cahaya Alam generated a revenue of RM4.6 million in Q1-2023, which was lower compared to the revenue of RM25.1 million recorded in Q1-2022. The fall in revenue was mainly due to the delay in getting the Advertising Permit from the Ministry of Local Government Development for the Iris phase which has since achieved a strong take up rate.

The post-economic recovery since the previous year has continued to attract buyers' interest in our high-rise properties in Johor. The high-rise properties in Encorp Marina Puteri Harbour ("EMPH") achieved sales of RM2.0 million in Q1-2023. The property development segment reported a lower profit before tax of RM0.3 million, a decrease of RM9.7 million as compared to Q1-2023. The decrease in profit before tax between the two quarters was mainly due to lower property revenue contribution.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (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
(Q1-2023 vs. Q1-2022) (contd.)**

Investment Property

The investment property segment posted a revenue of RM1.4 million in Q1-2023, a slight improvement of RM0.1 million compared to the revenue in Q1-2022. The retail segment is showing an encouraging recovery as a result of the management's effort to improve the occupancy rate.

Despite a relatively stable revenue achieved in Q1-2023, the Group posted a higher loss before tax of RM3.5 million in Q1-2023, representing an increase of RM1.3 million compared to the loss before tax of RM2.2 million in Q1-2022 as a result of higher repair and maintenance associated with the investment properties.

The management is continuing its marketing efforts on all media platforms in order to boost leasing activities. In addition to incorporating technology, such as cashless parking, the management employs measures to keep costs low while retaining tenants and attracting new ones.

Concessionaire

The concession division recorded a revenue of RM13.4 million in Q1-2023 as compared to a revenue of RM15.4 million in Q1-2022.

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 2023 (contd.)**

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

B2. Comparison with Immediate Preceding Quarter

In Q1-2023, the Group posted a 41.8% lower revenue of RM21.4 million compared to the immediate preceding quarter. The main reason for the decline in revenue was the softer financial performance reported by the property development segment.

The construction progress of our current on-going phases in Cahaya Alam is nearing completion, resulting in a lower revenue contribution to the core business of the Group. In Q1-2023, Cahaya Alam's on-going phases posted a revenue of RM4.6 million, which was RM10.6 million lower than in Q4-2022. Additionally, the properties in EMPH recorded a revenue of RM2.0 million, representing a decline from the revenue of RM5.8 million in Q4-2022.

The Group reported a lower loss before tax of RM4.3 million in Q1-2023, representing a 48% improvement as compared to the loss before tax of RM8.3 million in Q4-2022. The higher losses reported in Q4-2022 were attributed to one-off adjustments totaling RM13.6 million.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (contd.)**

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

B3. Commentary on prospects

The outlook for the property development and investment company is promising, considering the current state of Malaysia's growing and improving economy. The recent surprise overnight policy rate ("OPR") hike of 25 basis points to 3% indicates a positive stance by the government, fostering economic stability and investor confidence. However, the hike in OPR and the resulting increase in borrowing rates is expected to have an impact on sales as buyers who need loans will be more reluctant to borrow. We hope that the government's introduction of the home ownership program is able to stimulate the housing market, particularly benefiting first-time house buyers.

Our Cahaya Alam Project is strategically located and has consistently demonstrated robust demand for its landed residential properties. The company plans to gradually launch the remaining phases of the project, capitalising on the strong market interest. However, the company remains cautious about future prospects and adopts a prudent approach by focusing on affordable projects and areas with a lesser degree of property overhang.

In terms of the retail segment, the company's marketing efforts and the overall positive economic recovery have resulted in an improved occupancy rate. The company foresees potential growth in the take-up of the event spaces at the mall, driven by the resurgence of economic activities. To capitalise on this trend, the company plans to increase marketing initiatives, hold more events to attract foot traffic and intensify leasing activities to further boost the mall's occupancy rate.

Considering the favourable economic conditions, the company is well-positioned to capitalise on the growing demand in the real estate market. By leveraging its strategic location, focusing on affordable projects, and actively driving occupancy in its retail segment, the company can continue to thrive in the dynamic Malaysian property market.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (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	
	31.03.2023	31.03.2022
	RM'000	RM'000
Income tax	(428)	(4,712)
Deferred tax	(252)	(226)
	<u>(680)</u>	<u>(4,938)</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 2023.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 31 March 2023.

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 31 May 2023.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (contd.)**

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

B9. Borrowings and debt securities

	As at 31.03.2023	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	79,937	507,088
Term loan	25,689	13,037
Revolving credit	36,500	-
Lease liabilities	1,504	16,682
	<u>143,630</u>	<u>536,807</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 31 MARCH 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B11. Changes in material litigation (contd.)****(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd (contd.)**

Bumimetro has counterclaimed against MEDSB, among others, the sum of RM12,534,461.52 certified claims, RM6,810,054.96 being the uncertified progress claim, the sum of RM5,879,769.83 being the release of the 2nd moiety of the retention sum and general damages.

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 31 March 2023.

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

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

(b) Encorp Iskandar Development Sdn Bhd and Konsortium 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").

ENCORP BERHAD

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023 (contd.)**

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

B10. Changes in material litigation (contd.)

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

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

- a) RM11,760,000.00 for liquidated damages;
- b) RM409,031.08 being the payment to third party contractors;
- c) RM13,084,610.00 being cost of rectifying the defective works and completing the outstanding works;
- d) RM112,110,789.00 being the loss of profits;
- e) In the alternative to (a), (b), (c) & (d) above, such other amount as assessed by the Arbitrator;
- f) Financing charges and/or interest charges on the monies spent on third party contractors;
- g) Opening up, review, revision and setting aside the architect's decisions and certifications;
- h) All cost and expenses incurred including solicitors' cost on an indemnity and party to party basis, interest and taxes; and
- i) General damages.

KIMSB has counterclaimed against EIDSB, among others, the sum of RM5,595,430.87 being certified claims, RM85,567.08 for GST and RM5,359,119.37 being the release of the retention sum.

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

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 2023 (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 2023.

B12. Loss for the period

	Quarter and Period-to-date ended 31.03.2023 RM'000
The profit/(loss) is arrived at after charging/(crediting):	
a) Interest income	(1,397)
b) Other income	(315)
c) Interest expense	14,365
d) Depreciation and amortisation	600
e) Employee benefits	3,396
f) Unrealised loss on foreign exchange	670
g) Operating lease	
- premises	9
- equipment	19
- others	1
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B13. Earnings/(Loss) per share ("EPS")**

a) Basic EPS

	Quarter and Period-to-date ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
(Loss)/Profit attributable to owners of the parent	<u>(4,288)</u>	<u>3,073</u>
Weighted average number of ordinary shares in issue	<u>316,299</u>	<u>316,299</u>
Basic EPS (sen)	<u>(1.36)</u>	<u>0.97</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 31 May 2023.

By Order of the Board

ENCORP BERHAD**Company No. 200001004231 (506836-X)****Lee Lay Hong**

Company Secretary

Date: 31 May 2023