

**ENCORP BERHAD**  
**200001004231 (506836-X)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial**  
**Statements**  
**31 December 2021**

**200001004231 (506836-X)**

**Encorp Berhad  
(Incorporated in Malaysia)**

<b>Contents</b>	<b>Pages</b>
Directors' report	1 - 5
Statement by directors	6
Statutory declaration	6
Independent auditors' report	7 - 15
Statements of comprehensive income	16
Statements of financial position	17 - 18
Consolidated statement of changes in equity	19 - 20
Company statement of changes in equity	21
Statements of cash flows	22 - 25
Notes to the financial statements	26 - 117

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Directors' report**

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

**Principal activities**

The principal activities of the Company are investment holding and provision of general management support services.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

**Results**

The results of the operations of the Group and of the Company for the financial year are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss, net of tax	<u>(8,167)</u>	<u>(5,379)</u>
Loss attributable to:		
Owners of the parent	(10,892)	(5,379)
Non-controlling interest	<u>2,725</u>	<u>-</u>
	<u>(8,167)</u>	<u>(5,379)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 14, 29(b) and 36 to the financial statements.

**Reserves and provisions**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

**Dividends**

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Directors**

The names of the directors of the Company in office since the beginning of the financial year and at the date of this report are:

Datuk Haji Jaafar Bin Abu Bakar  
Mahadzir Bin Mustafa  
Mohd Ali Bin Abd Karim (Appointed on 14 September 2021)  
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 14 September 2021)  
Lukman Bin Abu Bakar (Appointed on 14 September 2021)  
Hussein Bin Ismail (Retired on 10 September 2021)  
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Hajah Nor Azlina Binti Haji Amran  
Hazurin Bin Harun (Appointed on 28 May 2021)  
Ahmad Feruz Bin Izharuddin  
Mohd Ibrahim Bin Masrakin (Resigned on 10 May 2021)  
Ezzuddin Bin Hassan

**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Non-executive:</b>		
Fees	644	514
Allowances and other emoluments	72	58
	<u>716</u>	<u>572</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Directors' interests**

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related companies.

**Holding company and body**

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

**Other statutory information**

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Group and the Company might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) the amount written off for any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Other statutory information (cont'd.)**

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Indemnity and insurance for directors and officers**

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover of the directors of the Company. The amount of insurance premium paid during the year amounted to RM38,160.

**Significant events**

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 14, Note 16, 29(b) and 36 to the financial statements.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Auditors and auditors' remuneration**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Ernst & Young PLT	<u>272</u>	<u>90</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 29 March 2022.

Mohd Ali Bin Abd Karim  
Director

Datuk Haji Jaafar Bin Abu Bakar  
Director

**200001004231 (506836-X)**

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Statement by directors**  
**Pursuant to Section 251(2) of the Companies Act 2016**

We, Mohd Ali Bin Abd Karim and Datuk Haji Jaafar Bin Abu Bakar, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 16 to 117 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 29 March 2022.

Mohd Ali Bin Abd Karim  
Director

Datuk Haji Jaafar Bin Abu Bakar  
Director

**Statutory declaration**  
**Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Seow Yoke Wei @ Seow Yoke Loong, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 16 to 117 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Seow Yoke Wei @ Seow Yoke Loong  
at Petaling Jaya in the Selangor Darul Ehsan  
on 29 March 2022

Seow Yoke Wei @  
Seow Yoke Loong  
CA 21381

Before me,



200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Encorp Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

**a) Revenue and cost of sales from property development activities**

For the financial year ended 31 December 2021, revenue of RM76,081,000 and cost of sales of RM37,528,000 from property development activities (including sale of completed properties) account for approximately 52% and 86% of the total Group's revenue and cost of sales respectively.

The Group recognises revenue and profit from its property development activities by reference to the progress towards completion of a performance obligation that is satisfied over time. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales from property development activities recognised by reference to the progress towards completion as matters requiring audit focus as these are areas which involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the progress towards completion and gross profit margin of property development activities undertaken by the Group).

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

*Key audit matters (cont'd.)*

**a) Revenue and cost of sales from property development activities (cont'd.)**

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Reviewed samples of sales and purchase agreements entered into with customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;
- Obtained an understanding of management's internal control over the revenue recognition process, including controls over the timing of revenue recognition and the estimation of property development costs, profit margin and progress towards completion of property development activities;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;
- Evaluated the actual property development costs incurred by examining documentary evidence such as contractors' progress claims and suppliers' invoices; and
- Assessed the mathematical accuracy of the calculation of progress towards completion in respect of revenue and profit recognised.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method, are disclosed in Notes 2.15, 2.16, 2.21(a), 3(a), 3(b), 4, 5, and 15(b) respectively to the financial statements.

**b) Valuation of investment properties**

As at 31 December 2021, the carrying amount of investment properties amounted to RM290,290,000 representing approximately 33% and 22% of the Group's total non-current assets and total assets respectively.

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

*Key audit matters (cont'd.)*

**b) Valuation of investment properties (cont'd.)**

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed an independent professional valuer to perform valuations on its investment properties. The valuations are based on assumptions including, amongst others, estimated rental value per square feet, expected market rental growth, void rate and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuer;
- Reviewed the methodology adopted by the independent valuer in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- Evaluated the appropriateness of the data used by the independent valuer as input into their valuations. We interviewed the external valuer, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- Assessed the adequacy of the disclosures of the Group's accounting policies, significant judgement and estimates, including the basis and assumptions used in determining the fair values of the investment properties.

The Group's accounting policies, significant judgement and estimates and disclosures on investment properties are disclosed in Notes 2.9, 3(d), 8, 14 and 32 respectively to the financial statements.

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

*Key audit matters (cont'd.)*

**c) Impairment of amount due from a subsidiary**

MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries. Included in the amounts due from subsidiaries of the Company as at 31 December 2021 is an amount due from Encorp Development Pty. Ltd. ("EDPL") of RM50,252,000, net of accumulated impairment loss of RM32,050,000, resulting in a net carrying amount of RM18,202,000.

The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

This is an area of audit focus as the determination of the quantum of the impairment loss is a subjective area due to the significant level of judgement and assumptions applied by management.

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amount due from EDPL; and
- Evaluated the assumptions applied in the determination of the amount and timing of receipts from EDPL in light of the estimation of profits and the resulting cash flows to be derived from the operations of EDPL.

We also reviewed and assessed the adequacy of the disclosures in the financial statements relating to the impairment of the amount due from EDPL in Notes 8 and 18(c).

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

***Information other than the financial statements and auditors' report thereon***

The directors of the Company are responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

***Responsibilities of the directors for the financial statements***

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

***Responsibilities of the directors for the financial statements (cont'd.)***

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

***Auditors' responsibilities for the audit of the financial statements (cont'd.)***

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



200001004231 (506836-X)

Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

***Auditors' responsibilities for the audit of the financial statements (cont'd.)***

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 16 to the financial statements.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Chuan Yee Yang  
No. 03489/03/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
29 March 2022

**Encorp Berhad**  
(Incorporated in Malaysia)

**Statements of comprehensive income**  
**For the year ended 31 December 2021**

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	4	146,704	134,117	3,840	4,320
Cost of sales	5	(43,617)	(41,773)	-	-
Gross profit		103,087	92,344	3,840	4,320
Other operating income	6	4,657	10,651	3,385	3,541
Selling and marketing expenses		(688)	(686)	-	(1)
Administrative expenses		(17,814)	(11,412)	(7,746)	(17,009)
Finance costs	7	(73,161)	(53,340)	(2,407)	(2,622)
Other operating expenses		(14,197)	(35,997)	(2,451)	(2,059)
Profit/(Loss) before tax	8	1,884	1,560	(5,379)	(13,830)
Income tax expense	11	(10,051)	(8,168)	-	(228)
Loss for the year		(8,167)	(6,608)	(5,379)	(14,058)
<b>Other comprehensive profit/(loss)</b>					
Foreign currency translation	26	908	(3,421)	-	-
<b>Total comprehensive loss for the year</b>		<b>(7,259)</b>	<b>(10,029)</b>	<b>(5,379)</b>	<b>(14,058)</b>
<b>(Loss)/Profit for the year attributable to:</b>					
Owners of the parent		(10,892)	(3,643)	(5,379)	(14,058)
Non-controlling interest		2,725	(2,965)	-	-
		<b>(8,167)</b>	<b>(6,608)</b>	<b>(5,379)</b>	<b>(14,058)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>					
Owners of the parent		(9,984)	(7,064)	(5,379)	(14,058)
Non-controlling interest		2,725	(2,965)	-	-
		<b>(7,259)</b>	<b>(10,029)</b>	<b>(5,379)</b>	<b>(14,058)</b>
<b>Loss per share attributable to owners of the parent (sen per share)</b>					
Basic	12	<b>(3.44)</b>	<b>(1.18)</b>		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Statements of financial position**  
**As at 31 December 2021**

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	4,828	5,084	188	252
Investment properties	14	290,290	284,050	-	-
Land held for property development	15 (a)	17,034	36,683	-	-
Investment in subsidiaries	16	-	-	130,197	129,960
Intangible assets	17	79	14	78	9
Trade and other receivables	18	543,349	627,313	18,202	18,961
Right-of-use assets	19 (a)	17,597	19,622	17,368	19,196
Deferred tax assets	20	5,653	9,356	-	-
		<u>878,830</u>	<u>982,122</u>	<u>166,033</u>	<u>168,378</u>
<b>Current assets</b>					
Property development costs	15 (b)	5,553	15,253	-	-
Inventories	15 (c)	107,454	129,684	-	-
Trade and other receivables	18	106,811	128,912	72,078	75,852
Contract assets	22	29,031	343	-	-
Tax recoverable		1,227	1,294	-	-
Other investments	21	134,350	127,799	553	3,160
Other current assets	23	742	761	261	164
Cash and cash equivalents	24	44,951	29,892	237	1,081
		<u>430,119</u>	<u>433,938</u>	<u>73,129</u>	<u>80,257</u>
<b>Total assets</b>		<u>1,308,949</u>	<u>1,416,060</u>	<u>239,162</u>	<u>248,635</u>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	25	399,016	399,016	399,016	399,016
Treasury shares	25	(327)	(327)	(327)	(327)
Other reserves	26	23,561	22,653	-	-
Accumulated losses		(68,501)	(57,609)	(252,657)	(247,278)
<b>Owners' equity</b>		<u>353,749</u>	<u>363,733</u>	<u>146,032</u>	<u>151,411</u>
Non-controlling interest		87,095	84,370	-	-
<b>Total equity</b>		<u>440,844</u>	<u>448,103</u>	<u>146,032</u>	<u>151,411</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Statements of financial position**  
**As at 31 December 2021 (cont'd.)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities</b>					
Trade and other payables	27	18,387	17,668	-	-
Loans and borrowings	28	618,394	719,175	18,548	19,833
Deferred tax liabilities	20	4,664	1,422	-	-
		<u>641,445</u>	<u>738,265</u>	<u>18,548</u>	<u>19,833</u>
<b>Current liabilities</b>					
Trade and other payables	27	71,678	70,195	53,297	56,289
Other current liabilities	29	4,655	21,407	-	-
Contract liabilities	22	4,650	8,326	-	-
Loans and borrowings	28	143,784	127,329	21,285	21,102
Income tax payable		1,893	2,435	-	-
		<u>226,660</u>	<u>229,692</u>	<u>74,582</u>	<u>77,391</u>
<b>Total liabilities</b>		<u>868,105</u>	<u>967,957</u>	<u>93,130</u>	<u>97,224</u>
<b>Total equity and liabilities</b>		<u>1,308,949</u>	<u>1,416,060</u>	<u>239,162</u>	<u>248,635</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

200001004231 (506836-X)

Encorp Berhad  
(Incorporated in Malaysia)

Consolidated statement of changes in equity  
For the year ended 31 December 2021

	Attributable to owners of the parent				Non-distributable		
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>At 1 January 2021</b>	399,016	(327)	22,653	(57,609)	363,733	84,370	448,103
(Loss)/Profit for the year	-	-	-	(10,892)	(10,892)	2,725	(8,167)
Other comprehensive profit	-	-	908	-	908	-	908
Total comprehensive profit/(loss)	-	-	908	(10,892)	(9,984)	2,725	(7,259)
<b>At 31 December 2021</b>	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Consolidated statement of changes in equity**  
**For the year ended 31 December 2021 (cont'd.)**

	Attributable to owners of the parent				Non-distributable		
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>At 1 January 2020</b>	397,280	(327)	2,902	(53,966)	345,889	87,335	433,224
Loss for the year	-	-	-	(3,643)	(3,643)	(2,965)	(6,608)
Other comprehensive loss	-	-	(3,421)	-	(3,421)	-	(3,421)
Total comprehensive loss	-	-	(3,421)	(3,643)	(7,064)	(2,965)	(10,029)
Waiver of amounts due to the ultimate holding body	-	-	23,172	-	23,172	-	23,172
Private placement exercise, representing transaction with owners (Note 25)	1,736	-	-	-	1,736	-	1,736
<b>At 31 December 2020</b>	399,016	(327)	22,653	(57,609)	363,733	84,370	448,103

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

200001004231 (506836-X)

Encorp Berhad  
(Incorporated in Malaysia)

Company statement of changes in equity  
For the year ended 31 December 2021

	Non-distributable			
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Accumulated losses RM'000	Total RM'000
<b>At 1 January 2021</b>	399,016	(327)	(247,278)	151,411
Loss for the year	-	-	(5,379)	(5,379)
<b>At 31 December 2021</b>	<u>399,016</u>	<u>(327)</u>	<u>(252,657)</u>	<u>146,032</u>
<b>At 1 January 2020</b>	397,280	(327)	(233,220)	163,733
Private placement exercise (Note 25)	1,736	-	-	1,736
Loss for the year	-	-	(14,058)	(14,058)
<b>At 31 December 2020</b>	<u>399,016</u>	<u>(327)</u>	<u>(247,278)</u>	<u>151,411</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**  
**For the year ended 31 December 2021**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	1,884	1,560	(5,379)	(13,830)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	340	422	100	175
Depreciation of right-of-use assets	2,025	1,983	1,828	1,828
Amortisation of intangible assets	13	62	9	56
Interest expense	73,161	53,340	2,407	2,622
Distribution income from money market investment securities	(3,157)	(3,435)	(26)	(105)
Loss/(Gain) on fair value of investment securities	782	236	1	(2)
Gain on disposal of property, plant and equipment	(50)	-	(50)	-
Interest income	(231)	(2,751)	(3,303)	(3,344)
Deposit forfeited	(80)	(286)	-	-
Provision for short-term accumulating compensated absences	237	243	77	98
Net changes in fair value of investment properties	7,688	19,000	-	-
Inventories written down	4,131	1,322	-	-
Expected credit losses on:				
- trade receivables	1,388	646	360	1,791
- other receivables	74	27	507	12,452
Impairment on intangible assets	-	7,404	-	-
Land held for development written down	-	1,159	-	-
Impairment on investment in subsidiary	-	-	513	-
Unrealised foreign exchange loss/(gain)	1,272	(4,872)	1,272	(4,872)
Effects of modification on liabilities at amortised costs	(96)	(1,396)	-	-
Liquidated and ascertained damages	-	1,810	-	-
Reversal of liquidated and ascertained damages	(51)	-	-	-
Reversal of expected credit losses				
- trade receivables	(973)	(248)	(419)	-
- other receivables	(882)	-	(885)	-
Impairment on other investments	-	4,645	-	-
Development expenditure written off	-	2,497	-	-
<b>Operating cash flows before working capital changes carried forward</b>	<b>87,475</b>	<b>83,368</b>	<b>(2,988)</b>	<b>(3,131)</b>



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**  
**For the year ended 31 December 2021 (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b> <b>(cont'd.)</b>				
<b>Operating cash flows before</b> <b>working capital changes</b> <b>brought forward (cont'd.)</b>	87,475	83,368	(2,988)	(3,131)
Changes in working capital:				
Land held for development and development expenditure	29,349	(528)	-	-
Inventories	4,171	8,077	-	-
Trade and other receivables	105,864	55,669	3,698	859
Contract assets and contract liabilities	(32,364)	9,254	-	-
Other current assets	19	(380)	(97)	(31)
Trade and other payables	2,363	(39,159)	(3,069)	4,492
Other current liabilities	(16,701)	5,059	-	-
Cash generated from/(used in) operations	180,176	121,360	(2,456)	2,189
Interest paid	(47,346)	(51,544)	(1,229)	(1,382)
Income taxes paid	(4,179)	(2,599)	-	-
<b>Net cash flows generated from/</b> <b>(used in) operating activities</b>	128,651	67,217	(3,685)	807
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment (Note (a))	(84)	(208)	(36)	(108)
Purchase of intangible assets (Note (a))	(78)	(10)	(78)	(10)
Proceeds from disposal of property, plant and equipment	50	-	50	-
(Investment in)/Withdrawal of other investments	(7,333)	(1,729)	2,632	(3,053)
Investment in subsidiary	-	-	(750)	-
Interest received	3,388	2,751	3,303	3,344
<b>Net cash flows (used in)/</b> <b>generated from investing activities</b>	(4,057)	804	5,121	173

**Encorp Berhad**  
(Incorporated in Malaysia)

**Statements of cash flows**  
**For the year ended 31 December 2021 (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares	-	1,736	-	1,736
(Placement)/Withdrawal of deposits	(22)	214	-	-
Drawdown of loans and borrowings (Note (b))	11,978	14,651	-	-
Repayment of loans and borrowings (Note (b))	(119,700)	(94,500)	-	-
Repayment of principal portion of lease liabilities (Note (b))	(2,495)	(2,448)	(2,280)	(2,279)
<b>Net cash flow used in financing activities</b>	<b>(110,239)</b>	<b>(80,347)</b>	<b>(2,280)</b>	<b>(543)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,355</b>	<b>(12,326)</b>	<b>(844)</b>	<b>437</b>
Effect of exchange rate changes on cash and cash equivalents	682	(3,421)	-	-
<b>Cash and cash equivalents at beginning of year</b>	<b>27,121</b>	<b>42,868</b>	<b>1,081</b>	<b>644</b>
<b>Cash and cash equivalents at end of year (Note 24)</b>	<b>42,158</b>	<b>27,121</b>	<b>237</b>	<b>1,081</b>

(a) Property, plant and equipment and intangible assets were acquired by way of the following:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash	162	218	114	118

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Statements of cash flows**  
**For the year ended 31 December 2021 (cont'd.)**

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities.

The movement of borrowings in the statements of cash flow is as follows:

<b>At 31 December 2021</b>				
<b>Group</b>	<b>As at 1 January 2021</b>	<b>Net changes from financing cash flows</b>	<b>Others/ Non-cash changes</b>	<b>As at 31 December 2021</b>
Loans and borrowings (Note 28)	825,134	(107,722)	24,692	742,104
Lease liabilities (Note 19(b))	21,370	(2,495)	1,199	20,074
Total liabilities from financing activities	846,504	(110,217)	25,891	762,178
<b>Company</b>				
Loans and borrowings (Note 28)	20,000	-	-	20,000
Lease liabilities (Note 19(b))	20,935	(2,280)	1,178	19,833
Total liabilities from financing activities	40,935	(2,280)	1,178	39,833
<b>At 31 December 2020</b>				
<b>Group</b>				
Loans and borrowings (Note 28)	878,062	(79,849)	26,921	825,134
Lease liabilities (Note 19(b))	22,005	(2,448)	1,813	21,370
Total liabilities from financing activities	900,067	(82,297)	28,734	846,504
<b>Company</b>				
Loans and borrowings (Note 28)	20,000	-	-	20,000
Lease liabilities (Note 19(b))	21,974	(2,279)	1,240	20,935
Total liabilities from financing activities	41,974	(2,279)	1,240	40,935

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**Notes to the financial statements**  
**31 December 2021**

**1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 45-G, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of general management support services. The principal activities of the subsidiaries are disclosed in Note 16.

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard the FELDA, a body set up under the Land Development Act 1956, as the ultimate holding body.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2022.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

**Considerations in respect of COVID-19 (coronavirus) and the current economic environment**

The COVID-19 pandemic continued to be a worldwide concern in year 2021 with the emergence of new variants of the virus.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.1 Basis of preparation (cont'd.)**

**Considerations in respect of COVID-19 (coronavirus) and the current economic environment (cont'd.)**

On 11 January 2021, the Malaysian government re-introduced the Movement Control Order ("MCO") from 13 January 2021 to 4 March 2021 due to an increase in Coronavirus cases in December 2020 and January 2021, followed by a Conditional Movement Control Order ("CMCO") until 17 May 2021. On 28 May 2021, the Government of Malaysia announced that a nationwide full MCO ("FMCO") would be reinstated from 1 June 2021 to 14 June 2021. The FMCO was subsequently extended to 28 June 2021. On 27 June 2021, the FMCO was revised to Phase 1 of the National Recovery Plan ("NRP"). On 1 July 2021, most of Selangor and some localities in Kuala Lumpur were announced to be placed under Enhanced MCO ("EMCO") from 3 July 2021 to 16 July 2021.

The EMCO was revised to Phase 1 of the NRP starting 17 July 2021. The Government of Malaysia has announced the transition of NRP in Selangor, Kuala Lumpur and Putrajaya to Phase Two effective 10 September 2021, Phase Three on 1 October 2021 and Phase Four on 18 October 2021.

The Group and the Company have taken into consideration the COVID-19 impact and the current economic environment on the basis of preparation of the financial statements. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**2.2 Adoption of new and revised pronouncements**

As of 1 January 2021, the Group and Company have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

**Effective for annual periods beginning on or after 1 January 2021**

Amendments to MFRS 16	Covid-19 Related Rent Concessions (Amendments to MFRS 16 Leases)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts, and MFRS 16 Leases)

The application of these amendments did not have any material impact on the Group's and the Company's current period or any prior period and is not likely to affect future periods financial statements.

**Encorp Berhad**  
(Incorporated in Malaysia)

**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective**

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

**Effective for annual periods beginning on or after 1 January 2022:**

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 3	Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
Amendments to MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)
Amendments to MFRS 141	Annual Improvements to MFRS Standards 2018–2020

**Effective for annual periods beginning on or after 1 January 2023:**

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9—Comparative Information (Amendment to MFRS 17 Insurance Contracts)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)
Amendments to MFRS 101	Disclosure of Accounting Policies (Amendments to MFRS 101)
Amendments to MFRS 108	Definition of Accounting Estimates (Amendments to MFRS 108)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.3 Standards issued but not yet effective (cont'd.)**

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective: (cont'd.)

**Deferred:**

Amendments to MFRS 10  
and MFRS 128

Sale or Contribution of Assets between an  
Investor and its Associate or Joint Venture  
Associate or Joint Venture (Amendments  
to MFRS 10 Consolidated Financial  
Statements and MFRS 128 Investment in  
Associates and Joint Venture)

The directors expect that the adoption of the above standards will have no significant impact to the financial statements in the period of initial application.

**2.4 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holder(s) of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.4 Basis of consolidation (cont'd.)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**2.5 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.5 Business combinations and goodwill (cont'd.)**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**2.6 Foreign currency**

**(a) Functional and presentation currency**

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

**(b) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.6 Foreign currency (cont'd.)**

**(b) Transactions and balances (cont'd.)**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss are recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

**(c) Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**2.7 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of an item can be measured reliably.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.7 Property, plant and equipment (cont'd.)**

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Office equipment, furniture and fittings	5 - 10 years
Office renovation	10 years
Buildings	50 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**2.8 Leases**

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.8 Leases (cont'd.)**

**As a lessee**

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use assets**

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premise	15 years
Office equipment, furniture and fittings	3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

**(ii) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.8 Leases (cont'd.)**

**As a lessee (cont'd.)**

**(ii) Lease liabilities (cont'd.)**

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short-term leases and leases of low-value assets**

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of office equipments (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipments that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**As a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.9 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee or internal appraisals by the directors.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.9 Investment properties (cont'd.)**

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment, set out in Note 2.7 up to the date of change in use.

**2.10 Intangible assets**

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

**Computer software**

The Group and the Company have developed the following criteria to identify computer software to be classified as intangible asset:

- software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property and equipment; and
- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as intangible asset.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.10 Intangible assets (cont'd.)**

**Computer software (cont'd.)**

Computer softwares considered to have finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for other intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

**2.11 Impairment of non-financial assets**

The Group and the Company assess the carrying amounts of the Group's and the Company's non-financial assets, other than deferred tax assets and inventories for completed properties, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.11 Impairment of non-financial assets (cont'd.)**

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**2.12 Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.12 Financial assets (cont'd.)**

**Initial recognition and measurement (cont'd.)**

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.12 Financial assets (cont'd.)**

**Financial assets at amortised cost (debt instruments) (cont'd.)**

The Group's and the Company's financial assets at amortised cost include trade receivables, sundry receivables, contract assets and cash and cash equivalents included under other non-current financial assets.

**Financial assets at fair value through OCI (debt instruments)**

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.12 Financial assets (cont'd.)**

**Financial assets at fair value through profit or loss (cont'd.)**

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or
  - (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.12 Financial assets (cont'd.)**

**Derecognition (cont'd.)**

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**2.13 Impairment of financial assets**

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.14 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**2.15 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs; and
- The cost of trading goods is determined using the purchase costs on a first-in-first-out basis.

**(a) Land held for property development**

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at the lower of cost or net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(b) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.15 Inventories (cont'd.)**

**(b) Property development costs (cont'd.)**

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities.

**(c) Completed properties**

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.16 Contract assets and Contract liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.16 Contract assets and Contract liabilities (cont'd.)**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue or other income when the Group performs the contract.

**2.17 Provisions**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.18 Financial liabilities**

**Initial recognition and measurement**

The Group's and the Company's financial liabilities include trade and other payables, lease liabilities and loans and borrowings.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of MFRS 9.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.18 Financial liabilities (cont'd.)**

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

**(b) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.



**Encorp Berhad**  
**(Incorporated in Malaysia)**

## **2. Summary of significant accounting policies (cont'd.)**

### **2.18 Financial liabilities (cont'd.)**

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **2.19 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when the qualifying assets are ready for their intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **2.20 Employee benefits**

#### **(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.20 Employee benefits (cont'd.)**

**(b) Defined contribution plans**

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company make contributions to the Employee Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.21 Revenue recognition**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred at point in time unless one of the following overtime criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.21 Revenue recognition (cont'd.)**

**(a) Property development**

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at point in time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sales of vacant land is recognised upon delivery of vacant land where the control of the vacant land and completed development units has been transferred to the buyer.

**(b) Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.21 Revenue recognition (cont'd.)**

**(b) Construction contracts (cont'd.)**

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

**(c) Sale of completed properties**

Revenue from the sale of completed properties are recognised when the performance obligation in the contract with customer is satisfied (i.e. when the control of the asset underlying the particular performance obligation is transferred to the customer).

Revenue from the sale of completed properties are recognised upon handing over of vacant possession where control of the asset has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

**(d) Concession income**

Concession income is recognised when the performance obligation has been performed and fulfilled (i.e. when the ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government).

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period ("the residual concession period").

Accordingly, the Group is compensated with deferred payment income over time in accordance to the Privatisation Agreement. The concession will expire in the year 2028.

**(e) Interest income**

Interest income is recognised using the effective interest method.

**(f) Distribution income**

Distribution income from money market investment security is recognised when the Group receives the distribution voucher from the investment security.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.21 Revenue recognition (cont'd.)**

**(g) Dividend income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

**(h) Management fees**

Revenue from management fee is recognised when performance of services are completed, net of taxes and discounts.

**(i) Rental income**

Rental income is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

**2.22 Taxes**

**(a) Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.22 Taxes (cont'd.)**

**(b) Deferred tax (cont'd.)**

Deferred tax liabilities are recognised for all temporary differences, except: (cont'd.)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.22 Taxes (cont'd.)**

**(b) Deferred tax (cont'd.)**

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**2.23 Equity instruments**

**(a) Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(b) Treasury shares**

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

**2.24 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.25 Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

**2.26 Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.26 Fair value measurements (cont'd.)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**2.27 Current versus non-current classification**

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**3. Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(a) Property development**

The Group uses percentage of completion method to recognise revenue and profit from its property development activities. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects. These areas involve significant judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

The revenues, cost of sales, carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Notes 4, 5, 15(a) and 15(b).

**(b) Provision for affordable housing**

Provision for affordable housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed. The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for development of premium housing based on the following conditions:

- The master and building plans are approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**3. Significant accounting judgements and estimates (cont'd.)**

**Key sources of estimation uncertainty (cont'd.)**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below: (cont'd.)

**(b) Provision for affordable housing (cont'd.)**

In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

In the prior year, the Group had entered into a Development Rights Agreement ("DRA") with certain parties related to the non-controlling interest of the Group to transfer the development rights to develop affordable housing. The DRA is conditional and subject to the fulfilment of certain conditions precedent ("CPs"). These CPs have been fulfilled during the year. Consequently, the provision for affordable housing has been derecognised as at 31 December 2021, as disclosed in Note 29(b).

**(c) Provision for expected credit losses ("ECL") of trade and other receivables and contract assets**

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

Significant estimate is required in determining the impairment of trade and other receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period. Details are disclosed in Note 18(c).

**(d) Fair value adjustments of investment properties**

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair values as disclosed in Notes 14 and 32. The key assumptions in determining the fair values of investment properties, including the sensitivity analysis of key assumptions are disclosed in Note 32.

**Encorp Berhad**  
(Incorporated in Malaysia)

**4. Revenue**

Revenue of the Group and of the Company consist of the following:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Derived from third parties</u>				
Sale of development properties	68,719	47,999	-	-
Concession income	66,038	72,744	-	-
Sale of completed properties	7,362	9,055	-	-
Rental income	4,585	4,319	-	-
<u>Derived from related companies</u>				
Management fees from subsidiaries	-	-	3,840	4,320
	<u>146,704</u>	<u>134,117</u>	<u>3,840</u>	<u>4,320</u>
<b>Timing and recognition</b>				
Revenue recognised:				
- At a point in time	7,362	9,055	-	-
- Over time	139,342	125,062	3,840	4,320
	<u>146,704</u>	<u>134,117</u>	<u>3,840</u>	<u>4,320</u>

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of development properties:		
Within one year	67,383	38,081
More than one year less than two years	2,583	-
	<u>69,966</u>	<u>38,081</u>

**5. Cost of sales**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Property development costs (Note 15(b))	42,673	35,869
Development expenditure written off (Note 15(a))	-	2,497
Costs of completed properties *	(5,145)	(3,345)
Mall operating expenses	4,380	4,831
Consultancy service	1,709	1,921
	<u>43,617</u>	<u>41,773</u>

**Encorp Berhad**  
(Incorporated in Malaysia)

**5. Cost of sales (cont'd.)**

\* As disclosed in Note 29(b), the provision for affordable housing of RM15,995,000 was derecognised during the year. The net credit in the current year includes the effects of the reversal of provision for affordable housing amounting to RM9,154,000, while the reversal of the remaining RM6,841,000 is adjusted as a reduction against the property development costs, and reflected in the profit or loss based on the percentage of completion of the related premium housing phases.

The net credit in the prior year relates to the costs savings arising from the finalisation of amounts due to certain contractors.

**6. Other operating income**

Included in other operating income are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Gain on fair value adjustment of investment securities	(4)	4	(1)	2
Rental income	752	934	-	-
Interest income				
- At amortised cost	231	2,751	3,303	3,344
Distribution income from money market investment securities	3,157	3,435	26	105
Amounts recovered:				
- other receivables	-	7	-	-
Gain on disposal of property, plant and equipment	50	-	50	-
Deposit forfeited	80	286	-	-
Grant income #	106	218	1	86
Effects of modification on other liabilities at amortised costs	96	1,396	-	-

# Being amount received pursuant to the wage subsidy program by the Government of Malaysia.

**7. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk Murabahah	67,042	73,441	-	-
- Bank credit facilities, bank loans and bank overdrafts	4,509	4,703	847	900
Sub-total	71,551	78,144	847	900

**Encorp Berhad**  
(Incorporated in Malaysia)

**7. Finance costs (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sub-total (cont'd.)	71,551	78,144	847	900
- Unwinding of discount on other liabilities at amortised costs*	29	1	-	-
- Interest on advances from immediate holding company	382	482	382	482
- Interest charged by ultimate holding body @	-	-	-	-
- Interest charged by third party	-	1,296	-	-
- Reversal of interest on accretion of deferred payment to ultimate holding body @	-	(27,847)	-	-
Interest expenses on lease liabilities	1,199	1,264	1,178	1,240
	<u>73,161</u>	<u>53,340</u>	<u>2,407</u>	<u>2,622</u>

\* The recognition of time value of money of financial liabilities of the Group at amortised cost.

@ In the prior year, the effects of the reversal of the interest on accretion of deferred payment to FELDA, the ultimate holding body, was accounted for in profit or loss while the waiver of the cumulative amounts due to FELDA was accounted for as an equity transaction, following the execution of the settlement agreement entered into by a subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. with FELDA.

**8. Profit/(Loss) before tax**

The following items have been included in arriving at profit/(loss) before tax:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration:				
- current year	254	254	80	80
- other service	18	18	10	10
Expected credit losses:				
- trade receivables (Note 18(c))	1,388	646	360	1,791
- other receivables (Note 18(c))	74	27	507	12,452
Depreciation of:				
- property, plant and equipment (Note 13)	340	422	100	175
- right-of-use assets (Note 19(a))	2,025	1,983	1,828	1,828
Amortisation of intangible assets (Note 17)	13	62	9	56
Loss on fair value of investment properties (Note 14)	7,688	19,000	-	-
	<u>7,688</u>	<u>19,000</u>	<u>-</u>	<u>-</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**8. Profit/(Loss) before tax (cont'd.)**

The following items have been included in arriving at profit/(loss) before tax: (cont'd.)

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss/(Gain) on fair value adjustment of investment securities	782	236	1	(2)
Impairment loss on:				
- intangible assets (Note 17)	-	7,404	-	-
- investment in subsidiary (Note 16)	-	-	513	-
Inventories written down	4,131	1,322	-	-
Gain on disposal of property, plant and equipment	(50)	-	(50)	-
Operating lease - minimum lease payments on:				
- premises	-	-	450	450
- equipment	84	131	71	84
- others	2	8	1	2
Reversal of expected credit losses:				
- trade receivables (Note 18(c))	(973)	(248)	(419)	-
- other receivables (Note 18(c))	(882)	-	(885)	-
Unrealised loss/(gain) on foreign exchange	1,272	(4,872)	1,272	(4,872)
(Reversal of)/Liquidated and ascertained damages (Note 29(a))	(51)	1,810	-	-
Impairment on other investments (Note 21)	-	4,645	-	-
Development expenditure written off (Note 15(a))	-	2,497	-	-
Land held for development written down (Note 15(a))	-	1,159	-	-

**9. Employee benefits expense**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	7,231	5,820	3,567	3,172
Social security contributions	66	63	31	33
Contributions to defined contribution plan	863	781	429	418
Provision of short term accumulating compensated absences (Note 27(c))	237	243	77	98
Other benefits	1,372	1,517	885	1,042
	<b>9,769</b>	<b>8,424</b>	<b>4,989</b>	<b>4,763</b>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**10. Directors' remuneration**

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-executive:</b>				
Fees	644	698	514	564
Allowances and other emoluments	72	89	58	79
<b>Total directors' remuneration</b>	<b>716</b>	<b>787</b>	<b>572</b>	<b>643</b>

**11. Income tax expense**

The major components of income tax expense/(credit) for the years ended 31 December 2021 and 2020 are:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Statement of profit or loss:</b>				
Current income tax:				
- Malaysian income tax	4,774	5,503	-	-
- Over provision in prior years	(1,668)	(768)	-	-
	<u>3,106</u>	<u>4,735</u>	<u>-</u>	<u>-</u>
Deferred income tax (Note 20):				
- Relating to origination and reversal of temporary differences	5,783	3,417	-	228
- Under provision in prior years	1,162	16	-	-
	<u>6,945</u>	<u>3,433</u>	<u>-</u>	<u>228</u>
<b>Income tax expense</b>	<b>10,051</b>	<b>8,168</b>	<b>-</b>	<b>228</b>



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**11. Income tax expense (cont'd.)**

Reconciliation between tax and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of income tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax	1,884	1,560	(5,379)	(13,830)
Tax expense/(credit) at Malaysian statutory tax rate of 24%	452	374	(1,291)	(3,319)
Different tax rates in other countries	(38)	(343)	-	-
<u>Adjustments:</u>				
Non-deductible expenses	6,572	4,991	304	3,729
Income not subject to tax	(997)	(7,129)	(6)	(26)
Deferred tax assets not recognised	4,270	8,367	993	(156)
Over provision of tax expense in prior years:				
- current taxation	(1,668)	(768)	-	-
- deferred tax	1,162	16	-	-
Deferred tax recognised at different tax rate	298	2,660	-	-
Income tax expense recognised in profit or loss	10,051	8,168	-	228

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**12. Loss per share**

**(a) Basic**

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	<b>2021</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>
Loss for the year attributable to owners of the parent used in the computation of basic loss per share	<u>(10,892)</u>	<u>(3,643)</u>
	<b>Number of Shares</b>	
	<b>2021</b> <b>'000</b>	<b>2020</b> <b>'000</b>
Weighted average number of ordinary shares for basic loss per share computation*	<u>316,299</u>	<u>308,236</u>

\* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions and net of treasury shares.

	<b>2021</b> <b>sen</b>	<b>2020</b> <b>sen</b>
Basic loss per share	<u>(3.44)</u>	<u>(1.18)</u>

**(b) Diluted**

Diluted loss per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

At the date of this report, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted loss per share is not presented.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**13. Property, plant and equipment**

<b>Group</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment, furniture and fittings RM'000</b>	<b>Office renovation RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>					
<b>Cost</b>					
At 1 January 2021	720	2,698	3,898	5,070	12,386
Additions	-	84	-	-	84
Disposals	(288)	-	-	-	(288)
At 31 December 2021	432	2,782	3,898	5,070	12,182
<b>Accumulated depreciation</b>					
At 1 January 2021	720	2,048	3,751	783	7,302
Recognised in profit or loss (Note 8)	-	161	78	101	340
Disposals	(288)	-	-	-	(288)
At 31 December 2021	432	2,209	3,829	884	7,354
<b>Net carrying amount</b>					
At 31 December 2021	-	573	69	4,186	4,828
<b>At 31 December 2020</b>					
<b>Cost</b>					
At 1 January 2020	720	2,490	3,898	5,070	12,178
Additions	-	208	-	-	208
At 31 December 2020	720	2,698	3,898	5,070	12,386
<b>Accumulated depreciation</b>					
At 1 January 2020	720	1,897	3,581	682	6,880
Recognised in profit or loss (Note 8)	-	151	170	101	422
At 31 December 2020	720	2,048	3,751	783	7,302
<b>Net carrying amount</b>					
At 31 December 2020	-	650	147	4,287	5,084

**Encorp Berhad**  
(Incorporated in Malaysia)

**13. Property, plant and equipment (cont'd.)**

<b>Company</b>	<b>Office renovation RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	2,766	642	1,484	4,892
Additions	-	-	36	36
Disposals	-	(288)	-	(288)
At 31 December 2021	2,766	354	1,520	4,640
<b>Accumulated depreciation</b>				
At 1 January 2021	2,715	642	1,283	4,640
Recognised in profit or loss (Note 8)	41	-	59	100
Disposals	-	(288)	-	(288)
At 31 December 2021	2,756	354	1,342	4,452
<b>Net carrying amount</b>				
At 31 December 2021	10	-	178	188
<b>At 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	2,766	642	1,376	4,784
Additions	-	-	108	108
At 31 December 2020	2,766	642	1,484	4,892
<b>Accumulated depreciation</b>				
At 1 January 2020	2,603	642	1,220	4,465
Recognised in profit or loss (Note 8)	112	-	63	175
At 31 December 2020	2,715	642	1,283	4,640
<b>Net carrying amount</b>				
At 31 December 2020	51	-	201	252

Included in property, plant and equipment of the Group are two units of terrace shop offices amounting to RM4,183,000 (2020: RM4,284,000) which have been pledged as a fixed charge for term loans and revolving credit facilities as disclosed in Note 28(b).

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**14. Investment properties**

Investment properties comprising shopping mall, shop office and car park units, are held either to earn rental income or for capital appreciation or for both. The investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 32.

	<b>Shopping Mall RM'000</b>	<b>Terrace Shop office RM'000</b>	<b>Car park RM'000</b>	<b>Total RM'000</b>
<b>At fair value</b>				
<b>Group</b>				
<b>At 1 January 2020</b>	183,000	120,050	-	303,050
Fair value adjustments (Note 8)	(19,000)	-	-	(19,000)
<b>At 31 December 2020 and 1 January 2021</b>	164,000	120,050	-	284,050
Transferred from inventories	-	-	7,800	7,800
Fair value adjustments	-	(1,560)	-	(1,560)
<b>At 31 December 2021</b>	<u>164,000</u>	<u>118,490</u>	<u>7,800</u>	<u>290,290</u>
<b>Fair value for financial reporting purposes</b>				
Market value as estimated by the professional external valuer	<u>164,000</u>	<u>118,490</u>	<u>7,800</u>	<u>290,290</u>

**Transfer of inventories to investment properties**

On 20 December 2021, the Group transferred 516 car park units from inventories to investment properties due to the change in use of the car park units for generating investment income for the Group.

A fair value loss of RM6,128,000 was recognised on the difference between the fair value of the car park units and their previous carrying amount upon the transfer. In arriving the market value of property, the Group has adopted comparison method and investment method. The valuer considered the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value together with the capitalisation of the net annual income stream that is expected to be received from property after deducting annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

	<b>2021 RM'000</b>
Cost of car park units transferred from inventories	13,928
Fair value loss on the car park units	<u>(6,128)</u>
Fair value of car park units	<u>7,800</u>

As at 31 December 2021, there was no further change in the fair value of the car park units.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**14. Investment properties (cont'd.)**

The following properties have been pledged as security for borrowings:

- (i) 9 units of terrace shop offices are charged as security for term loans and revolving credit facilities as disclosed in Note 28(b), 28(e) and 28(f); and
- (ii) Shopping mall included in the investment properties has been pledged as security for bank loan as disclosed in Note 28(b).

**15. Inventories**

		<b>Group</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>			
Land held for property development (at cost)	(a)	17,034	36,683
<b>Current</b>			
Property development cost (at cost)	(b)	5,553	15,253
Properties held for sale (at lower of cost and net realisable value)	(c)	107,454	129,684
		<u>113,007</u>	<u>144,937</u>
Total inventories at the lower of cost and net realisable value		<u>130,041</u>	<u>181,620</u>

**(a) Land held for property development**

<b>Group</b>	<b>Freehold land</b>	<b>Leasehold land</b>	<b>Development expenditure</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	21,664	13,867	14,300	49,831
Addition	-	-	405	405
Transfer to property development cost (Note 15(b))	-	(10,180)	(9,664)	(19,844)
Exchange differences	(3,541)	-	-	(3,541)
At 31 December 2021	<u>18,123</u>	<u>3,687</u>	<u>5,041</u>	<u>26,851</u>
<b>Accumulated write-down to net realisable value</b>				
At 1 January 2021	(13,148)	-	-	(13,148)
Exchange differences	3,331	-	-	3,331
At 31 December 2021	<u>(9,817)</u>	<u>-</u>	<u>-</u>	<u>(9,817)</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>8,306</u>	<u>3,687</u>	<u>5,041</u>	<u>17,034</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**15. Inventories (cont'd.)****(a) Land held for property development (cont'd.)**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Leasehold land RM'000</b>	<b>Development expenditure RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	20,061	397,265	95,283	512,609
Addition	-	-	554	554
Transfer to property development cost (Note 15(b))	-	(3,398)	(3,484)	(6,882)
Derecognition arising from settlement agreement entered into with ultimate holding body body	-	(380,000)	(75,556)	(455,556)
Development expenditure written off (Note 5 and Note 8)	-	-	(2,497)	(2,497)
Exchange differences	1,603	-	-	1,603
At 31 December 2020	<u>21,664</u>	<u>13,867</u>	<u>14,300</u>	<u>49,831</u>
<b>Accumulated write-down to net realisable value</b>				
At 1 January 2020	(11,028)	-	-	(11,028)
Charge to profit or loss (Note 8)	(1,159)	-	-	(1,159)
Exchange differences	(961)	-	-	(961)
At 31 December 2020	<u>(13,148)</u>	<u>-</u>	<u>-</u>	<u>(13,148)</u>
<b>Carrying amount</b>				
At 31 December 2020	<u>8,516</u>	<u>13,867</u>	<u>14,300</u>	<u>36,683</u>

In prior year, the capitalisation of cumulative accretion of amount due to FELDA has been derecognised following the execution of the settlement agreement entered into with FELDA.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**15. Inventories (cont'd.)**

**(b) Property development costs**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Leasehold land (Note (ii)) RM'000</b>	<b>Development expenditure (Note (i)) RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>				
<b>Cumulative property development costs</b>				
At 1 January 2021	26,127	18,175	529,003	573,305
Costs incurred during the year	-	-	13,129	13,129
Transfer from land held for property development (Note 15 (a))	-	10,180	9,664	19,844
Unsold units transferred to inventories	-	-	-	-
At 31 December 2021	<u>26,127</u>	<u>28,355</u>	<u>551,796</u>	<u>606,278</u>
<b>Cumulative costs recognised in profit or loss</b>				
At 1 January 2021				(558,052)
Recognised during the year				(42,673)
At 31 December 2021				<u>(600,725)</u>
<b>Property development costs at 31 December 2021</b>				<u>5,553</u>
<b>At 31 December 2020</b>				
<b>Cumulative property development costs</b>				
At 1 January 2020	26,127	14,777	546,521	587,425
Costs incurred during the year	-	-	36,862	36,862
Transfer from land held for property development (Note 15 (a))	-	3,398	3,484	6,882
Unsold units transferred to inventories	-	-	(57,864)	(57,864)
At 31 December 2020	<u>26,127</u>	<u>18,175</u>	<u>529,003</u>	<u>573,305</u>



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**15. Inventories (cont'd.)****(b) Property development costs (cont'd.)**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Leasehold land (Note (ii)) RM'000</b>	<b>Development expenditure (Note (i)) RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2020</b>				
<b>Cumulative costs recognised in statements of profit or loss</b>				
At 1 January 2020				(520,522)
Recognised during the year				(37,530)
At 31 December 2020				<u>(558,052)</u>
<b>Property development costs at 31 December 2020</b>				<u>15,253</u>

**Recognition of property development costs to profit or loss**

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Property development costs recognised to profit or loss	42,673	37,530
Liquidated and ascertained damages	-	(1,677)
Contract assets	-	16
Total cost of sales (Note 5)	<u>42,673</u>	<u>35,869</u>

**(i) Development expenditure**

Included in development expenditure is the cost to obtain contracts relating to commission fee paid to intermediaries as a result of obtaining property sales contracts. These costs are grouped separately and are charged out to cost of sales based on stage of completion method.

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
As at 1 January	489	-
Cost incurred during the year	2,889	1,160
Recognised during the year	(2,185)	(671)
At 31 December	<u>1,193</u>	<u>489</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**15. Inventories (cont'd.)**

**(b) Property development costs (cont'd.)**

**(i) Development expenditure (cont'd.)**

Included in development expenditure are the interior decoration costs as a result of entering into contracts with customers. These costs are grouped separately and are recognised in the statements of profit or loss when the control is transferred to the recipient.

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	-	1,723
Unsold units transferred to inventories	-	(1,723)
At 31 December	-	-

**(ii) Leasehold land**

The leasehold land held for development was purchased from Perbadanan Kemajuan Negeri Selangor ("PKNS") in prior years. Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

In prior year, part of the leasehold land for property development with carrying value of RM14,307,000 was pledged as security for a bank loan as disclosed in Note 28(d).

**(c) Properties held for sale**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost	52,462	107,823
At net realisable value	54,992	21,861
	<u>107,454</u>	<u>129,684</u>

Properties held for sale with a carrying amount of RM14,420,000 (2020: RM14,783,000) is charged as security for term loan facilities as disclosed in Note 28(c).

In prior year, properties held for sale with a carrying amount RM2,060,000 were charged as security for revolving credit as disclosed in Note 28(h).

Properties held for sale of RM4,292,000 (2020: RM4,292,000) are charged as security for revolving credit facilities as disclosed in Note 28(g).

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**16 Investment in subsidiaries**

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	296,710	295,960
Impairment loss on investment in subsidiary	(166,513)	(166,000)
	<u>130,197</u>	<u>129,960</u>

(a) Details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Share capital RM'000</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion (%) of ownership interest</b>		<b>Proportion (%) of ownership interest held by non-controlling interest</b>	
				<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Encorp Construction & Infrastructure Sdn. Bhd.	50,000	Malaysia	Investment holding and construction project management	100	100	-	-
Encorp Must Sdn. Bhd.	10,000	Malaysia	Investment holding and property project management	100	100	-	-
Encorp Development Pty. Ltd.^	+	Australia	Property development	100	100	-	-

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**16 Investment in subsidiaries (cont'd.)**

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2021	2020	2021	2020
Encorp Facilities Management Sdn. Bhd.	750	Malaysia	Facilities management services provider	100	100	-	-
<b>Subsidiaries of Encorp Construction &amp; Infrastructure Sdn. Bhd.</b>							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construction & Engineering Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**16 Investment in subsidiaries (cont'd.)**

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2021	2020	2021	2020
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	250	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Encorp Bukit Katil Sdn. Bhd.	@	Malaysia	Property development	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.	@	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	2,500	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.	@	Malaysia	Property investment	100	100	-	-

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**16 Investment in subsidiaries (cont'd.)**

(a) Details of the subsidiaries are as follows: (cont'd.)

- ^ This entity has no statutory audit requirement
- + Represents paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar each
- @ Represents paid-up capital of two (2) ordinary shares

(i) On 27 November 2021, the Company acquired additional 748,998 shares in its subsidiary, Encorp Facilities Management Sdn. Bhd. ("EFMSB") for a cash consideration of RM748,998.

An impairment loss of RM513,000 has been recognised in respect of the Company's cost of investment in EFMSB. As the subsidiary is inactive, it was determined that the net assets of EFMSB as at 31 December 2021 would approximate the recoverable amount of this investment.

(b) Non-controlling interest in subsidiaries

Summarised financial information of Must Ehsan Development Sdn. Bhd. ("MEDSB") and its subsidiaries ("MEDSB Group") which have 30% non-controlling interest that are material to the Group is set out below. The summarised financial information presented below is the amount after incorporating inter-company elimination.

(i) Summarised statements of financial position - MEDSB Group

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current assets	306,361	320,295
Current assets	163,123	167,453
Total assets	<u>469,484</u>	<u>487,748</u>
Current liabilities	138,269	157,385
Non-current liabilities	40,899	49,131
Total liabilities	<u>179,168</u>	<u>206,516</u>
Net assets	<u>290,316</u>	<u>281,232</u>
Non-controlling interest	<u>87,095</u>	<u>84,370</u>

(ii) Summarised statements of comprehensive income - MEDSB Group

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	79,069	63,368
Profit/(Loss) for the year	9,083	(9,883)
Profit/(Loss) representing total comprehensive income/ (expense) attributable to the non-controlling interest	<u>2,725</u>	<u>(2,965)</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**16 Investment in subsidiaries (cont'd.)**

(b) Non-controlling interest in subsidiaries (cont'd.)

(iii) Summarised cash flows - MEDSB Group

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash generated from/(used in) operating activities	39,635	(13,463)
Net cash used in investing activities	(9,953)	(9,741)
Net cash (used in)/generated from financing activities	(12,930)	9,239
Net increase/(decrease) in cash and cash equivalents	16,752	(13,965)
Cash and cash equivalents at beginning of the year	24,525	38,490
	<u>41,277</u>	<u>24,525</u>

**17. Intangible assets**

<b>Group</b>	<b>Goodwill on consolidation</b>	<b>Computer software</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>			
At 1 January 2020, 31 December 2020 and 1 January 2021	197,003	2,130	199,133
Additions	-	78	78
At 31 December 2021	<u>197,003</u>	<u>2,208</u>	<u>199,211</u>
<b>Accumulated amortisation and impairment</b>			
At 1 January 2020	189,599	2,054	191,653
Amortisation (Note 8)	-	62	62
Impairment (Note 8)	7,404	-	7,404
At 31 December 2020 and 1 January 2021	197,003	2,116	199,119
Amortisation (Note 8)	-	13	13
At 31 December 2021	<u>197,003</u>	<u>2,129</u>	<u>199,132</u>
<b>Net carrying amount:</b>			
At 31 December 2020	<u>-</u>	<u>14</u>	<u>14</u>
At 31 December 2021	<u>-</u>	<u>79</u>	<u>79</u>

**Encorp Berhad**  
(Incorporated in Malaysia)

**17. Intangible assets (cont'd.)**

<b>Company</b>	<b>Computer software RM'000</b>
<b>Cost</b>	
At 1 January 2020, 31 December 2020 and 1 January 2021	1,382
Additions	78
At 31 December 2021	<u>1,460</u>
<b>Accumulated amortisation:</b>	
<b>At 1 January 2020</b>	1,317
Amortisation (Note 8)	56
<b>At 31 December 2020 and 1 January 2021</b>	<u>1,373</u>
Amortisation (Note 8)	9
<b>At 31 December 2021</b>	<u>1,382</u>
<b>Net carrying amount:</b>	
At 31 December 2020	<u>9</u>
At 31 December 2021	<u>78</u>

**18. Trade and other receivables**

<b>Group</b>	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>Current</b>			
<b>Trade receivables</b>			
Amount due from third parties	(a)	20,532	47,668
Concession income receivables	(b)	78,149	76,324
		<u>98,681</u>	<u>123,992</u>
Expected credit losses	(c)	(2,176)	(2,226)
Trade receivable, net		<u>96,505</u>	<u>121,766</u>
<b>Other receivables</b>			
Amount due from holding company	(d)	53	53
Deposits		5,221	5,250
Sundry receivables		5,133	1,870
		<u>10,407</u>	<u>7,173</u>
Expected credit losses	(c)	(101)	(27)
Other receivable, net		<u>10,306</u>	<u>7,146</u>
Total current receivables		<u>106,811</u>	<u>128,912</u>



**Encorp Berhad**  
(Incorporated in Malaysia)

## 18. Trade and other receivables (cont'd.)

Group	Note	2021 RM'000	2020 RM'000
<b>Non-current</b>			
<b>Trade receivables</b>			
Concession income receivables	(b)	543,349	627,313
<b>Other receivables</b>			
Long term receivables	(e)	47,579	48,461
Expected credit losses	(c)	(47,579)	(48,461)
		-	-
Total non-current receivables, net		543,349	627,313
<b>Total trade and other receivables</b>		650,160	756,225
<b>Company</b>			
<b>Current</b>			
<b>Trade receivables</b>			
Amount due from:			
- third parties	(a)	70	70
- subsidiaries	(d)	9,711	8,379
		9,781	8,449
Expected credit losses	(c)	(2,969)	(3,028)
Trade receivable, net		6,812	5,421
<b>Other receivables</b>			
Amount due from:			
- subsidiaries	(d)	80,988	85,838
- holding company	(d)	53	53
Deposits		690	691
Sundry receivables		37	30
		81,768	86,612
Expected credit losses	(c)	(16,502)	(16,181)
Other receivable, net		65,266	70,431
Total current receivables		72,078	75,852
<b>Non-current</b>			
<b>Other receivables</b>			
Long term receivables			
- third party	(e)	38,320	39,019
- amount due from subsidiary	(d)	50,252	51,011
		88,572	90,030
Expected credit losses	(c)	(70,370)	(71,069)
Total non-current receivables, net		18,202	18,961
<b>Total trade and other receivables</b>		90,280	94,813

**Encorp Berhad**  
(Incorporated in Malaysia)

**18. Trade and other receivables (cont'd.)**

**(a) Trade receivables**

Ageing analysis of trade receivables

Ageing analysis of the Group's and Company's trade receivables from third parties are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current	3,899	32,730	-	-
1 to 30 days past due	677	1,409	-	-
31 to 60 days past due	1,935	4,046	-	-
61 days to 90 days past due	6,809	1,428	-	-
91 days to 120 days past due	1,288	514	-	-
121 days to 365 days past due				
	3,748	5,315	-	-
	18,356	45,442	-	-
<b>Credit impaired</b>				
Individually impaired	2,176	2,226	70	70
	20,532	47,668	70	70

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2020: 7 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**(b) Concession income receivables**

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Concession income receivables:		
Within 1 year	136,779	148,177
More than 1 year and less than 2 years	136,779	136,779
More than 2 years and less than 5 years	410,338	410,338
More than 5 years	148,193	284,972
	832,089	980,266
Unearned income	(210,591)	(276,629)
	621,498	703,637
Concession income receivables analysed as:		
Due within one year	78,149	76,324
Due after one year	543,349	627,313
	621,498	703,637

The Group's normal trade credit term on concession income receivables is 21 days (2020: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 28(a).

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**18. Trade and other receivables (cont'd.)**

**(b) Concession income receivables (cont'd.)**

As at reporting date, the Group has a significant concentration of credit risk of 96% (2020: 93%) relating to the concession income receivables. The entire concession income receivables are due from the Government of Malaysia.

**(c) Allowance for expected credit losses**

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Movement in allowance accounts for trade receivables:**

<b>Group</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
At 1 January	2,226	2,042
Expected credit losses (Note 8)		
- Individually assessed	1,388	646
- Reversal of expected credit losses	(973)	(248)
Written off	(465)	(214)
At 31 December	<u>2,176</u>	<u>2,226</u>
<b>Company</b>		
At 1 January	3,028	1,237
Expected credit losses (Note 8)		
- Individually assessed	360	1,791
- Reversal of expected credit losses	(419)	-
At 31 December	<u>2,969</u>	<u>3,028</u>

**Encorp Berhad**  
(Incorporated in Malaysia)

**18. Trade and other receivables (cont'd.)**

**(c) Allowance for expected credit losses (cont'd.)**

**Movement in allowance accounts for other receivables:**

<b>Group</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
At 1 January	48,488	48,461
Expected credit losses (Note 8)		
- Individually assessed	74	27
- Reversal of expected credit losses	(882)	-
At 31 December	<u>47,680</u>	<u>48,488</u>
<b>Company</b>		
At 1 January	87,250	74,798
Expected credit losses (Note 8)		
- Individually assessed (Note (i))	507	12,452
- Reversal of expected credit losses	(885)	-
At 31 December	<u>86,872</u>	<u>87,250</u>

- (i) Included in the amounts due from subsidiaries of the Company as at 31 December 2021 is an amount due from Encorp Development Pty. Ltd. ("EDPL") with a net carrying amount of RM18,202,000 (2020: RM18,961,000). The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

The movement of the impairment of the amount due from this subsidiary is as follows:

<b>Company</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
At 1 January		
Expected credit losses:		
- Individually assessed	32,050	23,092
	-	8,958
	<u>32,050</u>	<u>32,050</u>

**(d) Amounts due from subsidiaries and holding company**

The amounts due from subsidiaries and holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM56,027,000 (2020: RM56,027,000) which bears interest at rates ranging from 4.34% to 6.00% (2020: 5.87% to 6.00%).

- (e) Long term receivables were in relation to the amount due from Pembinaan Legenda Unggul Sdn. Bhd. (formerly known as Encorp Construct Sdn. Bhd.).

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**19. Leases**

**Group as a lessee**

The Group and the Company lease 20 units office premise until June 2031. Lease payments to be increased every 3 years from July 2016 to reflect current market rentals. The Group has also leased office equipment until March 2023.

The Group and Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**(a) Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	19,622	21,056	19,196	21,024
Additions	-	549	-	-
Depreciation (Note 8)	(2,025)	(1,983)	(1,828)	(1,828)
At 31 December	<u>17,597</u>	<u>19,622</u>	<u>17,368</u>	<u>19,196</u>

**(b) Lease liabilities**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowing (Note 28)) and the movements during the period:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	21,370	22,005	20,935	21,974
Additions	-	549	-	-
Accretion of interest (Note 7)	1,199	1,264	1,178	1,240
Payments	(2,495)	(2,448)	(2,280)	(2,279)
At 31 December	<u>20,074</u>	<u>21,370</u>	<u>19,833</u>	<u>20,935</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**19. Leases (cont'd.)****(b) Lease liabilities (cont'd.)**

Leases liabilities are payables as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>				
Less than one year	1,476	1,296	1,285	1,102
<b>Non-current</b>				
More than 1 year and less than 2 years	1,532	1,476	1,482	1,285
More than 2 years and less than 5 years	5,397	4,896	5,397	4,846
5 years or more	11,669	13,702	11,669	13,702
<b>Total non-current lease liabilities</b>	<b>18,598</b>	<b>20,074</b>	<b>18,548</b>	<b>19,833</b>
<b>Total lease liabilities</b>	<b>20,074</b>	<b>21,370</b>	<b>19,833</b>	<b>20,935</b>

The maturity analysis of lease liabilities is disclosed in Note 33(b).

**Group as a lessor****Operating lease commitments**

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between six months to five years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	3,484	2,915
Later than 1 year but not later than 5 years	1,926	2,667
	<b>5,410</b>	<b>5,582</b>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**20. Deferred tax**

Deferred tax as at 31 December relates to the following:

<b>Group</b>	<b>As at 1 January 2020 RM'000</b>	<b>Recognised in profit or loss (Note 11) RM'000</b>	<b>As at 31 December 2020 RM'000</b>	<b>Recognised in profit or loss (Note 11) RM'000</b>	<b>As at 31 December 2021 RM'000</b>
<b>Deferred tax liabilities:</b>					
Property, plant and equipment	(4)	14	10	-	10
Contract assets	181,575	(15,369)	166,206	(16,978)	149,228
Investment properties	5,084	(1,945)	3,139	(156)	2,983
	<u>186,655</u>	<u>(17,300)</u>	<u>169,355</u>	<u>(17,134)</u>	<u>152,221</u>
<b>Deferred tax assets:</b>					
Right-of-use of assets and lease liabilities	(228)	228	-	-	-
Tax losses and capital allowances	(141,504)	14,965	(126,539)	19,951	(106,588)
Loans and borrowings	(41,159)	(766)	(41,925)	323	(41,602)
Provisions and others	(15,131)	6,306	(8,825)	3,805	(5,020)
	<u>(198,022)</u>	<u>20,733</u>	<u>(177,289)</u>	<u>24,079</u>	<u>(153,210)</u>
	<u>(11,367)</u>	<u>3,433</u>	<u>(7,934)</u>	<u>6,945</u>	<u>(989)</u>

**Encorp Berhad**  
(Incorporated in Malaysia)

**20. Deferred tax (cont'd.)**

Presented after appropriate offsetting as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Deferred tax assets	(5,653)	(9,356)
Deferred tax liabilities	4,664	1,422
	<u>(989)</u>	<u>(7,934)</u>

Deferred tax assets have not been recognised in respect of the following items:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	134,050	116,858	16,368	14,288
Unabsorbed capital allowances	4,095	3,903	3,142	3,031
Other deductible temporary difference	25,295	24,888	4,034	2,086
	<u>163,440</u>	<u>145,649</u>	<u>23,544</u>	<u>19,405</u>

Effective from Year of Assessment 2019, the unutilised tax losses of the Group as at 31 December 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded. The carry forward period for such losses was extended to 10 years based on Finance Act 2021 which was gazetted on 31 December 2021.

The unutilised tax losses and unabsorbed capital allowances of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial changes in shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Utilisation period</b>				
Indefinite	29,390	28,791	7,176	5,117
Within 7 years from recognition	61,304	61,304	11,071	11,071
Within 8 years from recognition	39,616	39,616	2,155	2,155
Within 9 years from recognition	15,939	15,938	1,062	1,062
Within 10 years from recognition	17,191	-	2,080	-
	<u>163,440</u>	<u>145,649</u>	<u>23,544</u>	<u>19,405</u>



**Encorp Berhad**  
(Incorporated in Malaysia)

**21. Other investments**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current</b>					
<i>Amortised cost</i>					
Amount placed with a financial services advisory firm					
	(a)	4,645	4,645	-	-
Provision of impairment	(a)	(4,645)	(4,645)	-	-
		-	-	-	-
<i>Fair value through profit or loss</i>					
Money market investment securities					
	(b)	134,350	127,799	553	3,160
		134,350	127,799	553	3,160

- (a) This relates to a principal amount of AUD1.5 million placed by a foreign subsidiary of the Group for a period of 24 months (2020: 24 months) and earns interest at a fixed rate of 15% (2020:15%) per annum.

This balance has been impaired in the prior year as the Group had not recovered this amount despite having submitted the request for the liquidation and redemption of this balance. The Group has also initiated legal proceedings against the financial advisory services firm involved for the recovery of this balance. The legal proceedings are currently ongoing.

- (b) The investment securities are restricted investment scheme in short term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

The income received from the investment securities shall where necessary, be remitted into the Escrow Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

**22. Contract assets/(liabilities)**

		Group	
	Note	2021 RM'000	2020 RM'000
<b>Contract assets</b>			
Property development	(a)	29,031	343
<b>Contract liabilities</b>			
Property development	(a)	(4,650)	(8,326)

**Encorp Berhad**  
(Incorporated in Malaysia)

**22. Contract assets/(liabilities) (cont'd.)**

**(a) Contract assets/(liabilities) from property development**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
<b>Contract assets</b>		
Accrued billings	29,031	343
<b>Contract liabilities</b>		
Progress billings	(4,650)	(8,326)
	<u>24,381</u>	<u>(7,983)</u>

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
At 1 January	(7,983)	1,271
Revenue recognised during the year	72,825	59,454
Progress billings during the year	(40,461)	(68,708)
At 31 December	<u>24,381</u>	<u>(7,983)</u>

The directors of the Group measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

**23. Other current assets**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Prepayments	514	519	261	164
Consideration payable to customers	228	242	-	-
	<u>742</u>	<u>761</u>	<u>261</u>	<u>164</u>

Included in the consideration payable to customers are the cost for sales and purchase agreements as a result of entering into contract with customers.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**24. Cash and cash equivalents**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at banks	(a)	42,158	27,121	237	1,081
Deposits with licensed banks	(b)	2,793	2,771	-	-
	(c)	44,951	29,892	237	1,081

(a) Included in cash at bank of the Group is an amount of RM39,594,000 (2020: RM22,314,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.

(b) The deposits with licensed banks of the Group and of the Company which are pledged are as follows:

(i) Deposits of RM2,247,000 (2020: RM2,213,000) pledged to a bank for credit facilities granted to a subsidiary; and

(ii) Deposits of RM483,000 (2020: RM495,000) pledged to banks as securities for credit facilities granted to subsidiaries.

(c) Cash at bank and on hand of the Group include an amount of RM58,000 (2020: RM89,000) maintained in Escrow Account and Finance Service Reserve Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at reporting date:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	44,951	29,892	237	1,081
Less:				
Pledged deposits	(2,793)	(2,771)	-	-
Cash and cash equivalents	42,158	27,121	237	1,081

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 2 months to 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective deposit rates. As at reporting date, the effective interest rates of deposits of the Group and of the Company range from 1.25% to 3.5% (2020: 1.25% to 3.25%) per annum respectively.

200001004231 (506836-X)

Encorp Berhad  
(Incorporated in Malaysia)

25 Share capital and treasury shares

Note	Group and Company			
	Number of ordinary		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
<b>At 1 January 2020</b>	306,474,217	(386,000)	397,280	(327)
<b>Transactions with owners</b>				
Private placement exercise (a)	10,210,500	-	1,736	-
<b>At 31 December 2020, 1 January 2021 and 31 December 2021</b>	<u>316,684,717</u>	<u>(386,000)</u>	<u>399,016</u>	<u>(327)</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**25. Share capital and treasury shares (cont'd.)**

**(a) Share capital**

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

In prior year, the Company had undertaken a corporate proposal of private placement of up to 30,608,821 new ordinary shares in Encorp, representing ten per cent (10%) of the total number of issued shares of Encorp (excluding treasury shares).

On 16 October 2020, pursuant to private placement, the Company had increased its issued and paid up capital from 306,474,217 to 316,684,717 by way of the issuance 10,210,500 ordinary shares of RM0.17 each for a total cash consideration of RM1,735,785 during the financial year.

**(b) Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2021, the Company held as treasury shares a total of 386,000 of its 316,684,717 (2020: 316,684,717) issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,732.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**26. Other reserves**

**(a) Foreign currency translation reserve**

	<b>Group RM'000</b>
<b>At 1 January 2020</b>	2,902
<b>Other comprehensive income</b>	
Foreign currency translation	(3,421)
<b>At 31 December 2020 and 1 January 2021</b>	(519)
Foreign currency translation	908
<b>At 31 December 2021</b>	<u>389</u>

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

**(b) Capital contribution reserve**

The capital contribution reserve represents the amount waived by FELDA, the ultimate holding body of RM23,172,000 pursuant to a settlement agreement entered into between a subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. ("EBKSB") to discharge EBKSB's obligation on the land to FELDA for the Master Development Agreement dated 20 January 2016.

**27. Trade and other payables**

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>Group</b>			
<b>Current</b>			
<b>Trade payables</b>			
Amount due to:			
- third parties	(a)	<u>13,557</u>	<u>15,101</u>
Total trade payables		<u>13,557</u>	<u>15,101</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**27. Trade and other payables (cont'd.)**

<b>Group</b>	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>Current</b>			
<b>Other payables</b>			
Amount due to:			
- immediate holding company	(b)	6,867	8,286
Sundry payables		15,349	13,530
Provision for short-term accumulating compensated absences	(c)	237	243
Other accruals		35,668	33,035
		<u>58,121</u>	<u>55,094</u>
		<u>71,678</u>	<u>70,195</u>
<b>Non-current</b>			
<b>Trade payables</b>			
Retention sum on construction contracts		18,387	17,668
		<u>18,387</u>	<u>17,668</u>
<b>Total trade and other payables</b>		<u>90,065</u>	<u>87,863</u>
<b>Company</b>			
<b>Current</b>			
<b>Trade payables</b>			
Amount due to third party	(a)	12	8
<b>Other payables</b>			
Amount due to:			
- subsidiaries	(d)	38,883	42,823
- immediate holding company	(b)	6,867	8,286
Sundry payables		1,638	1,605
Provision for short-term accumulating compensated absences	(c)	77	98
Other accruals		5,820	3,469
		<u>53,285</u>	<u>56,281</u>
<b>Total trade and other payables</b>		<u>53,297</u>	<u>56,289</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**27. Trade and other payables (cont'd.)**

- (a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group and Company range from 14 to 60 days (2020: 14 to 60 days).

In the prior year, certain subsidiaries of the Group had commenced arbitration proceedings in relation to claims made against certain contractors which were involved in the property development projects of the Group. These contingent assets have not yet been recognised in the financial statements as at 31 December 2021, pending the outcome of the arbitration proceedings.

In addition, no incremental provisions have been recognised in relation to counter-claims by these contractors, as the Group as assessed, in consultation with its legal advisors that it is probable that the Group would be successful in its defense against these claims.

- (b) Amount due to immediate holding company is unsecured, repayable on demand and bears interest rate of 5.08% (2020: 5.08%) except for an amount of RM5,725,000 which bears interest rate range from of 5.08% (2020: 6%).
- (c) The movement of provision for short term accumulating compensated absences is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	243	202	98	76
Recognised in profit or loss (Note 9)	237	243	77	98
Utilised during the year	(243)	(202)	(98)	(76)
At end of financial year	<u>237</u>	<u>243</u>	<u>77</u>	<u>98</u>

- (d) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

**28. Loans and borrowings**

		<b>Group</b>		<b>Company</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>					
<b>Secured:</b>					
Sukuk Murabahah	(a)	77,476	70,081	-	-
Term loan 1	(b)	13,502	13,502	-	-
Term loan 2	(c)	8,930	-	-	-
Revolving credit 1	(e)	2,500	3,350	-	-
Revolving credit 2	(b)	12,500	12,500	-	-
Revolving credit 3	(f)	15,000	15,000	15,000	15,000
Revolving credit 5	(h)	7,400	6,600	-	-
Revolving credit 4	(g)	5,000	5,000	5,000	5,000
		<u>142,308</u>	<u>126,033</u>	<u>20,000</u>	<u>20,000</u>



**Encorp Berhad**  
(Incorporated in Malaysia)

**28. Loans and borrowings (cont'd.)**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current (cont'd.)</b>					
<b>Unsecured:</b>					
Lease liabilities	(i)	1,476	1,296	1,285	1,102
		<u>1,476</u>	<u>1,296</u>	<u>1,285</u>	<u>1,102</u>
Total current loans and borrowings		<u>143,784</u>	<u>127,329</u>	<u>21,285</u>	<u>21,102</u>
<b>Non-current</b>					
<b>Secured:</b>					
Sukuk Murabahah	(a)	574,384	651,862	-	-
Term loan 1	(b)	25,412	27,662	-	-
Term loan 2	(c)	-	9,155	-	-
Bridging loan	(d)	-	10,422	-	-
		<u>599,796</u>	<u>699,101</u>	<u>-</u>	<u>-</u>
<b>Unsecured:</b>					
Lease liabilities	(i)	18,598	20,074	18,548	19,833
Total non-current loans and borrowings		<u>618,394</u>	<u>719,175</u>	<u>18,548</u>	<u>19,833</u>
<b>Total loans and borrowings</b>		<b>762,178</b>	<b>846,504</b>	<b>39,833</b>	<b>40,935</b>

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within one year	143,784	127,330	21,285	21,102
More than 1 year and less than 2 years	95,246	112,031	1,482	1,285
More than 2 years and less than 5 years	322,253	293,689	5,397	4,846
5 years or more	200,895	313,454	11,669	13,702
	<u>762,178</u>	<u>846,504</u>	<u>39,833</u>	<u>40,935</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**28. Loans and borrowings (cont'd.)**

(a) Sukuk Murabahah

The weighted average effective interest rates of borrowings as at the reporting date is 9.72% (2020: 9.72%) per annum.

On 18 May 2012, a subsidiary issued Islamic Securities ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

- (i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;
- (ii) to fund the Trustees' Reimbursement Account; and
- (iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 8.37% to 10.44% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

- (i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;
- (ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and
- (iii) first ranking charge and assignment of the designated accounts which include:
  - an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk Murabahah) are to be deposited and shall be operated solely by the Security Trustee; and
  - a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk Murabahah falling due and payable and shall be solely operated by the Security Trustee.

The major covenants that are required to be complied by the subsidiary are as follows:

- (i) to maintain a Finance Service Cover Ratio ("FSCR") of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and
- (ii) to maintain an amount equivalent to the next immediate profit payment in the FSRA at least three (3) months prior to such profit payment due date.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**28. Loans and borrowings (cont'd.)**

(b) Term loan 1 and revolving credit 2

Term loan 1 is at bank's one-month effective cost of funds + 3.50% (2020: cost of funds + 3.50%) per annum. Revolving credit 2 of RM12.5 million is at effective cost of funds + 2.75% (2020: cost of funds + 2.75%) per annum.

These loans are secured by a fixed charge over the Group's two units of terrace shop offices recognised as property, plant and equipment as disclosed in Note 13, two units of terrace shop offices recognised as investment properties as disclosed in Note 14, leasehold land included in completed investment properties as disclosed in Note 14, assignment over the project account and debenture over fixed and floating charge.

(c) Term loan 2

Term loan 2 is at 3.09% per annum (2020: 3.09% per annum). The loan is secured by a fixed deposit as disclosed in Note 24(b)(ii), three penthouse unit located at Western Australia as disclosed in Note 15(c), freehold land as disclosed in Note 15(a) and corporate guarantee provided by the Company and a deed of subordination.

(d) Bridging loan

The Bridging loan has been fully repaid in current year. In the prior year, the bridging loan was at profit rate of 12.00% per annum, effective cost of funds + 1.25% per annum.

The bridging loan was secured against first party first legal charge over 72 plots of vacant residential terraced lot and a parcel of vacant residential leasehold land as disclosed in Note 15(b), assignment of company's rights, titles, benefits and interests in respect of the "construction contract" with its main-contractor and the related insurance/performance bond thereto, legal charge and assignment over the designated accounts, assignment of sale proceeds of the Housing Development Account and specific debenture over a property development project of the Group.

(e) Revolving credit 1

Revolving credit 1 is at effective cost of funds + 1.25% per annum.

Two units of terrace shop offices have been charged for the revolving credit 1 facility as disclosed in Note 14 together with the assignment of rental proceeds and corporate guarantee provided by the Company.

(f) Revolving credit 3

Revolving credit is at cost of funds + 2% per annum. Five units of terrace shop offices have been charged for the revolving credit facility 3 as disclosed in Note 14.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**28. Loans and borrowings (cont'd.)**

(g) Revolving credit 4

Revolving credit is at cost of funds + 1.50% per annum. Six units of terrace shop offices have been charged for the revolving credit 4 facility as disclosed in Note 15(c).

(h) Revolving credit 5

Revolving credit is at cost of funds + 1.25% per annum. In prior year, the facility was secured with 7 leasehold units located at Cahaya Alam as disclosed in Note 15(c) and legal charge and assignment over the Finance Service Reserve Account ("FSRA"). During the current year, the security over the 7 leasehold units have been discharged and this facility is secured via the legal charge and assignment over the FSRA.

(i) Lease liabilities

Lease liabilities weighted average of incremental borrowing rate at 5.88% (2020: 5.88%).

**29. Other current liabilities**

		<b>Group</b>	
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>			
Provision for Liquidated and Ascertained Damages	(a)	4,655	5,412
Provision for affordable housing obligations	(b)	-	15,995
		<u>4,655</u>	<u>21,407</u>

(a) Provision for liability - Liquidated and Ascertained Damages

The provision is in respect of the estimated liquidated and ascertained damages payable arising from the property development projects undertaken by the Group.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	5,412	4,018
(Reversal)/Charged to profit or loss	(51)	1,810
Payments made	(706)	(416)
At 31 December	<u>4,655</u>	<u>5,412</u>

The Group is involved in certain legal cases involving claims for compensation for the late delivery and the specific performance for the construction of certain public infrastructure relating to a completed property development project of the Group. No incremental provisions have been made in relation to these claims in the current and prior years, as the Group has assessed, in consultation with its legal advisors, that it is probable that the Group would be successful in defending these claims.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**29. Other current liabilities (cont'd.)**

- (b) Provision for affordable housing obligations

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	15,995	10,520
Addition	-	5,932
Reversal (Note 5)	(15,995)	(457)
At 31 December	<u>-</u>	<u>15,995</u>

The provision for affordable housing obligations has been derecognised during the year upon the fulfillment of the conditions precedent contained in the Development Rights Agreement between a subsidiary of the Group, Must Ehsan Development Sdn. Bhd. ("MEDSB") and The Consortium of PNSB Construction Sdn. Bhd. and MGB Berhad.

**30. Financial guarantees**

The Company has provided the following guarantees at the reporting date:

Corporate guarantees given to banks of RM11,448,000 (2020: RM12,505,000) for credit facilities granted to subsidiaries.

The management has assessed and concluded that there is no indication that the corporate guarantees would crystallise and no provision for expected credit loss has been provided on these guarantees as the borrowings are also secured over the land held for development of the subsidiaries. Consequently, the fair value of the corporate guarantees is assessed as nil.

**31. Significant related party transactions**

**(a) Sales and purchases of goods and services**

In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	<b>2021</b>	<b>2020</b>
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>
Interest charged on advances from immediate holding company	<u>382</u>	<u>482</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**31. Significant related party transactions (cont'd.)**

**(a) Sales and purchases of goods and services (cont'd.)**

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>Company</b>			
Management fees charged to subsidiaries	(i)	(3,840)	(4,320)
Rental payable to subsidiary	(ii)	450	450
Interest charged to subsidiaries		(174)	(222)
Coupon payable on Redeemable Convertible Secured Loan Stocks ("RCSLS") charged to subsidiary	(iii)	(3,122)	(3,122)

- (i) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable at negotiated terms.
- (ii) The rental payable to the subsidiary has been entered into in the normal course of business and is repayable at negotiated term.
- (iii) The coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. ("MEDSB") is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 and 31 December 2020 are disclosed in Notes 18 and 27.

**(b) Compensation of key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity either directly or indirectly.

The remuneration of directors and other members of key management during the year was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Salaries and other emoluments	754	504	754	504
Contributions to defined contribution plans	92	67	92	67
Other staff related expenses	171	54	171	54
	<u>1,017</u>	<u>625</u>	<u>1,017</u>	<u>625</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**32. Fair value measurements**

**Fair value hierarchy**

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Input for the asset or liability that are not based on observable market data (unobservable input).

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

<b>Group</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>				
Investment properties (Note 14):				
- Shopping mall	-	-	164,000	164,000
- Terrace shop office	-	-	118,490	118,490
- Car park units	-	-	7,800	7,800
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	134,350	-	134,350
	<u>-</u>	<u>134,350</u>	<u>290,290</u>	<u>424,640</u>

**At 31 December 2020**

Investment properties (Note 14):				
- Shopping mall	-	-	164,000	164,000
- Terrace shop office	-	-	120,050	120,050
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	127,799	-	127,799
	<u>-</u>	<u>127,799</u>	<u>284,050</u>	<u>411,849</u>

**Company**

**At 31 December 2021**

Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	553	-	553
	<u>-</u>	<u>553</u>	<u>-</u>	<u>553</u>

**Encorp Berhad**  
(Incorporated in Malaysia)

**32. Fair value measurements (cont'd.)**

The following table provides the fair value measurement hierarchy of the Group's and Company's assets: (cont'd.)

<b>Company</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2020</b>				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	3,160	-	3,160

Description of valuation techniques used and key inputs to valuation on investment properties measured at level 3:

<b>Property category</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range</b>
<b>At 31 December 2021</b>			
Terrace Shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM1.80 to RM9.00 psf RM1.50 psf 15% 5.3% 5%
Car park units	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road	Adjusted range of RM15,328 – RM18,879 per bay
	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates	RM105 per bay/month 25% 10% 6.50%
<b>At 31 December 2020</b>			
Terrace Shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM2.20 to RM9.70 psf RM1.50 psf 10% 7% 6.5%



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**32. Fair value measurements (cont'd.)**

Terrace shop offices

In arriving at the market value, the valuer adopted the market comparison method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidence involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, land usage, tenure and proximity to the main road.

Shopping mall

The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties ("estimated rental rates"); deducting all reasonable annual operating expenses ("outgoings") (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate ("reversionary yield rates") of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance coverage, repairs and maintenance and management, are deducted from gross rental income together with allowance for void ("allowance for void").

Car park units

In arriving at the market value, the valuer adopted comparison approach and income approach by investment method.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value.

Income approach by investment method involved capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**32. Fair value measurements (cont'd.)**

Sensitivity analysis for fair value of the shopping mall

The following table demonstrates the sensitivity of the fair value and the impact to the profit and loss to the changes in estimated rental rate, outgoings, allowance for void and reversionary yield rate with all other variables held constant.

		<b>2021</b>	<b>2020</b>
		<b>Increase/ (Decrease)</b>	<b>Increase/ (Decrease)</b>
		<b>RM '000</b>	<b>RM '000</b>
Estimated rental rates	+ 10%	23,000	22,000
	- 10%	(23,000)	(22,000)
Outgoings	+ 10%	(7,000)	(6,000)
	- 10%	7,000	6,000
Allowance for void	+ 10%	(10,000)	(11,000)
	- 10%	10,000	11,000
Reversionary yield rates	+ 1%	(25,000)	(20,000)
	- 1%	35,000	27,000
Term yield rates	+ 1%	(21)	(24)
	- 1%	21	24

**Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<b>Note</b>
Trade and other receivables (non-current and current)	18
Other investments	21
Cash and cash equivalents	24
Trade and other payables (non-current and current)	27
Loans and borrowings (non-current and current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

**Encorp Berhad**  
(Incorporated in Malaysia)

**32. Fair value measurements (cont'd.)**

Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed was to default.

Detail is as disclosed in Note 30.

**Categories of financial instrument:**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
<b>Financial assets</b>			
At amortised costs:			
Trade and other receivables	18	650,160	756,225
Cash and cash equivalents	24	44,951	29,892
At FVTPL:			
Other investment	21	134,350	127,799
<b>Financial liabilities</b>			
At amortised costs:			
Trade and other payables	27	90,065	87,863
Loans and borrowings	28	762,178	846,504
<b>Company</b>			
<b>Financial assets</b>			
At amortised costs:			
Trade and other receivables	18	90,280	94,813
Cash and cash equivalents	24	237	1,081
At FVTPL:			
Other investment	21	553	3,160
<b>Financial liabilities</b>			
At amortised costs:			
Trade and other payables	27	53,297	56,289
Loans and borrowings	28	39,833	40,935

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**33. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process. In formulating its risk management policies, the Group has considered the impact of the Covid-19 pandemic, as disclosed in Note 2.1.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk management**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and cash equivalents and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Exposure to credit risk

As at the reporting date, the Group has a concentration of credit risk as disclosed in Note 18. Apart from this, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The details of the financial guarantees provided by the Company to its subsidiaries and the assessment of the expected credit loss and fair values are disclosed in Note 30.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**33. Financial risk management objectives and policies (cont'd.)**

**(a) Credit risk management(cont'd.)**

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

Group	2021		2020	
	RM'000	% of total	RM'000	% of total
<u>By industry sectors</u>				
Concessionaire sector	621,498	97%	703,637	94%
Property development sector	17,292	3%	43,908	6%
Investment property *	2,954	0%	2,937	0%
Other sector *	286	0%	823	0%
	<u>642,030</u>	<u>100%</u>	<u>751,305</u>	<u>100%</u>

\* Less than 1% of total receivables

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired as disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

**(b) Liquidity risk management**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**33. Financial risk management objectives and policies (cont'd.)**

**(b) Liquidity risk management (cont'd.)**

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

<b>Group</b>	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	77,548	13,641	-	91,189
Loans and borrowings	204,185	580,259	219,346	1,003,790
Total undiscounted financial liabilities	281,733	593,900	219,346	1,094,979
<b>At 31 December 2020</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	72,252	16,642	-	88,894
Loans and borrowings	224,286	578,991	357,546	1,160,823
Total undiscounted financial liabilities	296,538	595,633	357,546	1,249,717
<b>Company</b>				
<b>At 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	53,220	-	-	53,220
Loans and borrowings	23,240	10,421	13,265	46,926
Total undiscounted financial liabilities	76,460	10,421	13,265	100,146
<b>At 31 December 2020</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	56,191	-	-	56,191
Loans and borrowings	23,143	10,052	16,028	49,223
Total undiscounted financial liabilities	79,334	10,052	16,028	105,414

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**33. Financial risk management objectives and policies (cont'd.)**

**(c) Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM27,000 (2020: RM6,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(d) Foreign currency exchange risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents and other investments denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM557,000 (2020: RM627,000) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
AUD/RM - strengthened 2% (2020: 8%)	(15)	(433)
- weakened 2% (2020: 8%)	15	433

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**34. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings (excluding Sukuk), trade and other payables, less cash and cash equivalents, fixed deposits and investment securities. Capital includes equity attributable to the owners of the parent and non-controlling interest.

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and borrowings	28	762,178	846,504	39,833	40,935
Trade and other payables	27	90,065	87,863	53,297	56,289
Less:					
Sukuk Murabahah	28	(651,860)	(721,943)	-	-
Other investments	21	(134,350)	(127,799)	(553)	(3,160)
Cash and cash equivalents	24	(44,951)	(29,892)	(237)	(1,081)
Net debt		<u>21,082</u>	<u>54,733</u>	<u>92,340</u>	<u>92,983</u>
Equity attributable to the owners of the parent		353,749	363,733	146,032	151,411
Non-controlling interest		87,095	84,370	-	-
Total capital		<u>440,844</u>	<u>448,103</u>	<u>146,032</u>	<u>151,411</u>
<b>Capital and net debt</b>		<u>461,926</u>	<u>502,836</u>	<u>238,372</u>	<u>244,394</u>
<b>Gearing ratio</b>		<u>5%</u>	<u>11%</u>	<u>39%</u>	<u>38%</u>

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured over security as disclosed in Note 28(a) and the Sukuk do not have any financial recourse to the Group.



**Encorp Berhad**  
**(Incorporated in Malaysia)**

**35. Segment information**

For management purposes, the Group is organised into six main business units based on their products, and has six reportable operating segments as follows:

- (i) Investment holding and the provision of management services;
- (ii) Concessionaire;
- (iii) Construction management;
- (iv) Property development;
- (v) Investment property; and
- (vi) Others - Trading of building materials, food and beverage operation and provision of facilities management.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

**Encorp Berhad**  
(Incorporated in Malaysia)

**35. Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others *	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2021</b>									
<b>Revenue</b>									
External customers	-	66,038	76,081	4,585	-	-	-		146,704
Inter-segment	5,896	-	-	829	-	-	(6,725)	A	-
Total revenue	5,896	66,038	76,081	5,414	-	-	(6,725)		146,704
<b>Results:</b>									
Interest income and distribution income	3,330	3,048	8,929	-	1	2	(11,927)		3,383
Interest expense	(2,407)	(67,042)	(6,951)	(8,669)	(14)	(5)	11,927		(73,161)
Depreciation and amortisation	(1,945)	(1)	(80)	(248)	-	(4)	(100)		(2,378)
Rental income	-	-	752	-	-	-	-		752
Grant income	33	-	15	58	-	-	-		106
Other non-cash income	56	133	146	82	-	-	-	B	417
Fair value loss on investment property	-	-	(6,128)	(2,130)	-	-	570		(7,688)

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**35. Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2021 (cont'd.)</b>									
<b>Results: (cont'd.)</b>									
Inventories written down	-	-	(4,148)	-	-	-	17		- (4,131)
Segment (loss)/profit	(8,123)	404	1,615	(11,618)	(563)	(668)	10,786		(8,167)
<b>Assets:</b>									
Additions to non-current assets	47	3	426	13	-	-	-	C	489
Segment assets	275,307	753,698	567,969	305,469	50,339	496	(644,329)	D	1,308,949
<b>Segment liabilities</b>	95,332	652,479	287,701	352,696	7,249	9,913	(537,265)	E	868,105

\* Inclusive facilities management and other entities in property investment and food and beverage

**Encorp Berhad**  
(Incorporated in Malaysia)

**35. Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others *	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2020</b>									
<b>Revenue</b>									
External customers	-	72,744	57,054	4,319	-	-	-		134,117
Inter-segment	5,880	-	-	754	-	-	(6,634)	A	-
Total revenue	5,880	72,744	57,054	5,073	-	-	(6,634)		134,117
<b>Results:</b>									
Interest income and distribution income	3,455	3,301	11,793	1	2	24	(12,385)		6,191
Interest expense	(2,622)	(73,441)	19,317	(8,956)	(17)	(6)	12,385		(53,340)
Depreciation and amortisation	(2,083)	-	(77)	(202)	-	(4)	(101)		(2,467)
Rental income	-	-	934	-	-	-	-		934
Grant income	139	-	14	65	-	-	-		218
Other non-cash income	4	128	2,876	288	-	12	-	B	3,308
Fair value loss on investment property	-	-	-	(19,000)	-	-	-		(19,000)

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**35. Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2020 (cont'd.)</b>									
<b>Results: (cont'd.)</b>									
Development									
expenditure written off	-	-	(2,497)	-	-	-	-		(2,497)
Impairment on other investments	-	-	(4,645)	-	-	-	-		(4,645)
Land held for development written down	-	-	(1,159)	-	-	-	-		(1,159)
Inventories written down	-	-	(1,322)	-	-	-	-		(1,322)
Segment (loss)/profit	(11,843)	1,694	(3,634)	(28,061)	(170)	(785)	36,191		(6,608)
<b>Assets:</b>									
Additions to non-current assets	129	3	594	33	-	3	-	C	762
Segment assets	290,726	826,677	600,469	304,520	53,583	1,329	(661,244)	D	1,416,060
<b>Segment liabilities</b>	99,141	725,360	322,000	339,916	10,061	10,826	(539,347)	E	967,957

\* Inclusive facilities management and other entities in property investment and food and beverage

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**35. Segment information (cont'd.)**

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Other Income-Purchasers related income		125	307
Other income		242	2,994
Reversal of impairment on receivables	6	-	7
Gain on disposal of assets	6	50	-
		<u>417</u>	<u>3,308</u>

C Additions to non-current assets consist of:

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Property, plant and equipment	13	84	208
Land held for property development	15 (a)	405	554
		<u>489</u>	<u>762</u>

D The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Deferred tax assets	20	5,653	9,356
Tax recoverable		1,227	1,294
Inter-segment assets		<u>(651,209)</u>	<u>(671,894)</u>
		<u>(644,329)</u>	<u>(661,244)</u>

E The following items were added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Current tax payable		1,893	2,435
Deferred tax liabilities	20	4,664	1,422
Inter-segment liabilities		<u>(543,822)</u>	<u>(543,204)</u>
		<u>(537,265)</u>	<u>(539,347)</u>

**Encorp Berhad**  
**(Incorporated in Malaysia)**

**35. Segment information (cont'd.)**

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	146,704	134,117	303,925	317,316
Australia	-	-	8,306	8,515
	<u>146,704</u>	<u>134,117</u>	<u>312,231</u>	<u>325,831</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2021 RM'000	2020 RM'000
Property, plant and equipment	13	4,828	5,084
Intangible assets	17	79	14
Investment properties	14	290,290	284,050
Land held for property development	15 (a)	17,034	36,683
		<u>312,231</u>	<u>325,831</u>

**36. Significant events**

**(a) Covid-19 outbreak**

The prolonged Covid-19 pandemic has adversely impacted the market outlook and operating conditions of the various business segments of the Group. The results and financial position of the Group during the year end have been impacted by various factors, including the following:

- The softening demand and outlook of the property development and property investment segments which have impacted the revenues from the sale of completed properties and the rental income for the investment properties of the Group; and
- The re-assessment of the carrying amounts of certain assets of the Group, including the investment properties. The fair values of the investment properties are derived based on certain key assumptions of the market conditions prevailing as at 31 December 2021. The details of the impairment of investment properties and the writedown of inventories are disclosed in Notes 8, 14 and 15.