



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**ENCORP BERHAD**

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER 30 SEPTEMBER 2022**

	Quarter ended		Period-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	29,550	28,072	100,743	90,584
Cost of sales	(6,677)	(9,060)	(33,210)	(29,463)
Gross profit	22,873	19,012	67,533	61,121
Other income	1,497	991	3,490	2,674
Selling and marketing expenses	(3,846)	(34)	(5,191)	(469)
Administrative expenses	(4,644)	(5,932)	(14,296)	(15,427)
Finance costs	(16,447)	(18,382)	(48,965)	(54,843)
Other expenses	(600)	(591)	(1,770)	(1,781)
(Loss)/Profit before tax	(1,167)	(4,936)	801	(8,725)
Income tax	(1,812)	(3,085)	(7,237)	(3,131)
Loss net of tax	(2,979)	(8,021)	(6,436)	(11,856)
<b>Other comprehensive income/(loss)</b>				
Foreign currency translation	205	1,155	28	960
<b>Total comprehensive loss for the year</b>	<b>(2,774)</b>	<b>(6,866)</b>	<b>(6,408)</b>	<b>(10,896)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the parent	(4,068)	(7,951)	(8,187)	(11,647)
Non-controlling interest	1,089	(70)	1,751	(209)
	<b>(2,979)</b>	<b>(8,021)</b>	<b>(6,436)</b>	<b>(11,856)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the parent	(3,863)	(6,796)	(8,159)	(10,687)
Non-controlling interest	1,089	(70)	1,751	(209)
	<b>(2,774)</b>	<b>(6,866)</b>	<b>(6,408)</b>	<b>(10,896)</b>
<b>Earnings/(Loss) per share attributable to owner of the parent (sen)</b>				
Basic	(1.29)	(2.52)	(2.59)	(3.69)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**ENCORP BERHAD**

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022**

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,561	4,828
Right-of-use assets	16,088	17,597
Intangible assets	141	79
Investment properties	290,290	290,290
Land held for property development	38,528	17,034
Trade and other receivables	479,413	543,349
Deferred tax assets	3,797	5,653
	<u>833,818</u>	<u>878,830</u>
<b>Current assets</b>		
Property development costs	3,133	5,553
Inventories	101,179	107,454
Contract assets	3,169	29,031
Tax recoverable	1,245	1,227
Trade and other receivables	111,089	106,811
Other current assets	355	742
Other investments	181,107	134,350
Cash and cash equivalents	29,893	44,951
	<u>431,170</u>	<u>430,119</u>
<b>Total assets</b>	<u>1,264,988</u>	<u>1,308,949</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022 (contd.)**

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	79,652	71,678
Other current liabilities	4,585	4,655
Contract liabilities	5,220	4,650
Loans and borrowings	134,699	143,784
Income tax payable	3,427	1,893
	<u>227,583</u>	<u>226,660</u>
<b>Non-current liabilities</b>		
Trade and other payables	15,082	18,387
Loans and borrowings	583,415	618,394
Deferred tax liabilities	4,472	4,664
	<u>602,969</u>	<u>641,445</u>
<b>Total liabilities</b>	<u>830,552</u>	<u>868,105</u>
<b>Equity attributable to owners of parent</b>		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	23,589	23,561
Accumulated Loss	(76,688)	(68,501)
	<u>345,590</u>	<u>353,749</u>
Non-controlling interest	88,846	87,095
<b>Total equity</b>	<u>434,436</u>	<u>440,844</u>
<b>Total equity and liabilities</b>	<u>1,264,988</u>	<u>1,308,949</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.09</u>	<u>1.12</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**ENCORP BERHAD**

Company No. 200001004231(506836-X)  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

	← Non-distributable →			Accumulated Loss	Non-controlling		Total equity
	Share capital	Treasury shares	Other reserves		Total	interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844
(Loss)/Profit for the year	-	-	-	(8,187)	(8,187)	1,751	(6,436)
Other comprehensive profit	-	-	28	-	28	-	28
Total comprehensive (loss)/profit for the period	-	-	28	(8,187)	(8,159)	1,751	(6,408)
<b>At 30 September 2022</b>	399,016	(327)	23,589	(76,688)	345,590	88,846	434,436
<b>At 1 January 2021</b>	399,016	(327)	22,653	(57,609)	363,733	84,370	448,103
Loss for the period	-	-	-	(11,647)	(11,647)	(209)	(11,856)
Other comprehensive profit	-	-	960	-	960	-	960
Total comprehensive profit/(loss) for the period	-	-	960	(11,647)	(10,687)	(209)	(10,896)
<b>At 30 September 2021</b>	399,016	(327)	23,613	(69,256)	353,046	84,161	437,207

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

	Period ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax	801	(8,725)
<u>Adjustments:</u>		
Depreciation	1,743	1,776
Amortisation of intangible assets	27	5
Interest expenses	48,965	54,843
(Gain)/Loss on money market investment security	(2,106)	770
Distribution income from money market investment security	(133)	(2,388)
Interest income	(248)	(190)
Gain on disposal of property, plant and equipment	(29)	-
Deposit forfeited income	(216)	(80)
Reversal of impairment of trade and other receivables	-	(14)
Unrealised gain on forex	52	1,345
Operating profit before working capital changes	<u>48,856</u>	<u>47,342</u>
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(19,074)	12,797
Inventories	6,275	1,813
Trade and other receivables	59,822	69,199
Contract assets and contract liabilities	26,432	(7,622)
Other current assets	387	347
Trade and other payables	4,061	(5,819)
Other current liabilities	(70)	(528)
Cash generated from operations	<u>126,689</u>	<u>117,529</u>
(Tax paid)/Tax refunded	(4,057)	(136)
Interest paid	(2,689)	(24,887)
Net cash generated from operating activities	<u>119,943</u>	<u>92,506</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)**

	Period ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Interest received	248	190
Acquisition of property, plant and equipment	(966)	(159)
Acquisition of intangible assets	(89)	-
Proceeds from disposal of property, plant and equipment	28	-
Distribution income received	133	2,506
Placement of investment security	(44,651)	(28,376)
Net cashflow used in investing activities	<u>(45,297)</u>	<u>(25,839)</u>
<b>Cash flows from financing activities</b>		
Net borrowing of loans & borrowing	(18,650)	(9,272)
Repayment of Sukuk Murabahah	(69,159)	(45,000)
Withdrawal of deposits	5	67
Net payment in finance lease payables	(1,918)	(1,873)
Net cashflow used in financing activities	<u>(89,722)</u>	<u>(56,078)</u>
Net (decrease)/increase in cash and cash equivalents	(15,076)	10,589
Effect of exchange rate changes	23	721
Cash and cash equivalents at beginning of period	42,158	27,121
Cash and cash equivalents at end of period	<u>27,105</u>	<u>38,431</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,755	2,673
- Licensed corporation	33	31
Cash and bank balances	<u>27,105</u>	<u>38,431</u>
	29,893	41,135
Less: Bank balances and deposits pledged	<u>(2,788)</u>	<u>(2,704)</u>
<b>Cash and cash equivalents at end of period</b>	<u>27,105</u>	<u>38,431</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of preparation**

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

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

**A2. Summary of significant accounting policies**

The significant accounting policies adopted in the preparation of the Condensed Report are consistent with those used in preparing the audited financial statements for the year ended 31 December 2021, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2022. The adoption of the following amendments to MFRS and IC Interpretations does not have significant impact to the unaudited condensed financial statements.

**a) Amendments to MFRSs effective for the financial periods beginning on or after 1 January 2022**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 1 First-time adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 9 Financial Instruments	1 January 2022
Amendments to MFRS 116 Property, plant and equipment	1 January 2022
Amendments to MFRS 141 Agriculture	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A2. Summary of significant accounting policies (contd.)****b) MFRSs and Amendments to MFRSs but not yet effective**

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023
Amendments to MFRS 10 and MFRS 128 – Consolidated financial statements and Investment in Associates and joint venture	Deferred

**A3. Auditors' Report on Preceding Annual Financial Statements**

The Group's latest audited financial statements for the financial year ended 31 December 2021 were not subject to any qualification.

**A4. Comments about seasonal or cyclical factors**

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

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

There were no unusual items for the financial year 30 September 2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)**

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

**A6. Debt and equity securities**

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

**a) Treasury shares**

As at 30 September 2022, the total number of treasury shares held was 386,000.

**b) Sukuk Murabahah**

Total repayment of Sukuk Murabahah's principal and profit payment amounting to RM137.4 million had been remitted in the financial year 2022 whereas the next principal and profit payment amounting to RM66.7 million is scheduled in May 2023.

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

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

**A7. Dividend paid**

No dividend was paid during the quarter ended 30 September 2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A8. Segmental information**

The Group's segment revenue and results are presented by industry segments for the year ended 30 September 2022 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>								
External customers	-	44,709	52,332	3,551	-	151	-	100,743
Inter-segment	3,096	-	-	650	-	3,076	(6,822)	-
<b>Total Revenue</b>	<b>3,096</b>	<b>44,709</b>	<b>52,332</b>	<b>4,201</b>	<b>-</b>	<b>3,227</b>	<b>(6,822)</b>	<b>100,743</b>
<b>Results:</b>								
Segment results	(10,931)	43,604	13,089	(1,430)	(705)	(654)	6,076	49,049
Interest income	2,487	1,996	7,129	-	-	1	(9,126)	2,487
Interest expense	(1,783)	(44,820)	(4,803)	(6,671)	(10)	(4)	9,126	(48,965)
Depreciation and amortisation	(1,459)	(2)	(43)	(189)	-	(1)	(76)	(1,770)
<b>(Loss)/Profit before tax</b>	<b>(11,686)</b>	<b>778</b>	<b>15,372</b>	<b>(8,290)</b>	<b>(715)</b>	<b>(658)</b>	<b>6,000</b>	<b>801</b>

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A9. Material events subsequent to the balance sheet date**

There was no material events subsequent to the financial year ended 30 September 2022 up to the date of this report.

**A10. Changes in the composition of the Group**

There is no material change in the composition of the Group for the financial year ended 30 September 2022 up to the date of this report.

**A11. Changes in contingent liabilities****Contingent liabilities:**

Corporate guarantee given to banks for credit facilities  
granted to subsidiaries

30.09.2022	30.09.2021
RM'000	RM'000

8,925	12,267
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**A12. Capital commitments**

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA****B1. Performance review****a) Performance of the current quarter against the preceding year corresponding quarter  
(Q3-2022 vs. Q3-2021)**

The Group posted a revenue of RM29.6 million in Q3-2022, an increase of 5.3% from last year's comparative quarter of RM28.1 million. The increase in the revenue of RM1.5 million was mainly due to the contribution from property development segment. Further details are explained in the segmental review.

The financial results during the quarter has also showed an improvement of RM3.7million from a loss before tax of RM5.0 million in Q3-2021, to a loss before tax of RM1.2 million in Q3-2022. The reduction in the loss before tax was mainly due to the improved performance from the property development segment and lower foreign exchange loss of RM0.3 million as compared to RM1.6 million in Q3-2021.

**Property Development**

Property development segment reported better earnings performance in Q3-2022 with revenue of RM14.1 million and profit before tax of RM4.6 million, compared to a revenue of RM11.2 million and profit before tax of RM1.4 million in Q3-2021.

The transition to the endemic phase of coronavirus has seen an increase in revenue by 26.8% or RM3.0 million from the sales of our high-rise properties in Encorp Marina Puteri Harbour. The segment managed to achieve a revenue of RM5.0 million on the sales of completed properties in the current quarter.

For the Cahaya Alam project, property development segment posted a revenue of RM9.1 million in Q3-2022 as compared to RM11.2 million in Q3-2021. The on-going phases reported a revenue of RM9.2 million in Q3-2022, lower than the revenue of RM10.5 million in Q3-2021. The industry-wide labour shortage has led to the delay in work progress on the construction of phase Lily.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)****B1. Performance review (contd.)****a) Performance of the current quarter against the preceding year corresponding quarter  
(Q3-2022 vs. Q3-2021) (contd.)****Investment Property**

Investment property segment has recorded a revenue of RM0.9 million in Q3-2022, compared to a revenue of RM0.6 million in Q3-2021, an increase of RM0.3 million. Retail segment is showing an encouraging recovery as the country transition to the endemic phase of coronavirus.

However, the segment registered a loss before tax of RM2.8 million in Q3-2022, an increase of 21.7% compared to the loss before tax of RM2.3 million in Q3-2021. The increase in loss before tax was due to the Group's effort to increase the footfall and occupancy rates in its mall and shophouses and the additional costs incurred in refurbishing the mall. The Group has successfully secured several new tenants for the mall and shophouses.

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

**Concessionaire**

The concession division recorded a revenue of RM14.4 million in Q3-2022 as compared to a revenue of RM16.3 million in Q3-2021.

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

Accordingly, the Group is compensated with deferred payment income from the concession and it is recognised as revenue.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)**

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

**B2. Comparison with Immediate Preceding Quarter**

In comparison with the immediate preceding quarter, the Group registered 9.2% higher revenue of RM29.6 million in Q3-2022 largely due to higher contributions from the property development segment.

Property development segment reported a better earnings performance in Q3-2022 with revenue of RM14.1 million as compared to the revenue of RM10.8 million in Q2-2022. The reopening of our border with Singapore has improved the sales of our high-rise properties in Johor. The sales of high-rise properties have increased by RM2.7 million in Q3-2022. The projects in Cahaya Alam have generated a revenue of RM9.1 million in Q3-2022 over the revenue of RM8.5 million in Q2-2022. Nevertheless, the on-going property development was still impacted due to the labour shortage in the previous quarter.

Correspondingly, the loss before tax of RM1.2 million in Q3-2022 marked an improvement of RM6.0 million compared to the loss before tax of RM7.2 million in Q2-2022. In addition to the increase in revenue in Q3-2022, the reversal of property development costs for the completed properties have increased the gross profit by RM4.4 million in Q3-2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects**

Malaysia's economy shows a strong recovery from the impact of the pandemic as the government deployed various strategies to revitalize and reform the economy. After the recent announcement of the new government on 24 November 2022, the investing community and public have shown greater confidence in the stability and growth of the country and the ability of the new government in handling the myriad of issues facing the economy not least the rising cost of living. The confidence of foreign investors can be seen in the strengthening of the local currency against the US dollar immediately following the new government announcement. We hope that the strengthening of the ringgit and the stamp duty exemption introduced under the Home Ownership Programme from June 2022 to December 2023 will improve buyers' sentiment on properties, reduce raw material costs and create higher labour availability.

Due to its strategic location and mature township, landed residential properties in Cahaya Alam continue to show strong demand. The Group continues to launch the remaining phases gradually. The Group has also seen a positive recovery in the Encorp Marina Puteri Harbour properties following the reopening of the border between Johor and Singapore.

The retail segment of the Group is in the process of recovering from a lengthy lockdown caused by the Covid-19 pandemic. The Group also sees a potential uptake in event spaces at the mall as economic activities increase. By intensifying marketing initiatives and arranging more events to attract foot traffic, the Group aims to strengthen leasing activities to increase the occupancy rate of the mall.

The Group remains cautious about the future prospects and continues to venture into projects that are affordable and in areas where there is a lesser degree of overhang. On 22 March 2022, a subsidiary of the Group, Encorp Development Sdn Bhd ("EDSB") entered into a joint-venture agreement with Federal Land Development Authority ("FELDA") to develop a mixed-development project on a 46-acre land at FELDA Chuping worth RM88.8 million.

EDSB had also inked a joint venture agreement on 18 May 2022 with Ipmuda Properties Sdn Bhd to jointly develop a 1.6 acre piece of land at Kota Kinabalu, Sabah into one block of 10-storey condominium with an estimated Gross Development Value ("GDV") of RM67.72 million.

A subsidiary of the Group, Encorp Construction & Infrastructure Sdn Bhd had on 9 September 2022 signed a joint venture agreement with Touch Millenium Sdn Bhd to jointly develop a piece of 4.97 acres of commercial land in Teluk Cempedak, Kuantan into a proposed mixed development of retail lots, service apartments and a carpark podium with an estimated GDV of RM328.5 million.

**ENCORP BERHAD**

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(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)****B4. Variance from forecast profit and profit guarantee**

Not applicable.

**B5. Income tax**

	Quarter ended		Period-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Income tax	(510)	(688)	(5,573)	(610)
Deferred tax	(1,302)	(2,397)	(1,664)	(2,521)
	<u>(1,812)</u>	<u>(3,085)</u>	<u>(7,237)</u>	<u>(3,131)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. The effective tax rates of the Group during the period are higher than statutory tax rates mainly due to higher profit from the completion of phase Clover in Q1-2022.

**B6. Disposal of unquoted investments, assets and properties**

There were no disposal of unquoted investments and/or properties for the financial year ended 30 September 2022.

**B7. Purchase or disposal of quoted securities**

There were no purchase or disposal of quoted securities for the financial year ended 30 September 2022.

**B8. Status of corporate proposals**

There was no corporate proposal announced but not completed as at 29 November 2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	<b>As at 30.09.2022</b>	
	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Sukuk Murabahah	80,213	547,308
Term loan	22,427	18,662
Revolving credit	30,500	-
Lease liabilities	1,559	17,445
	<u>134,699</u>	<u>583,415</u>

**B10. Changes in material litigation****(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd**

Must Ehsan Development Sdn Bhd ('MEDSB') had on 5<sup>th</sup> July 2018, served a Notice to Arbitrate on Bumimetro Construction Sdn Bhd ('BCSB') dated 4<sup>th</sup> July 2018 to refer MEDSB's claims on liquidated damages for delay to complete the Project and for classic penalty against BCSB to arbitration, pursuant to the provisions of the Conditions of Contract.

MEDSB is the employer who has awarded BCSB, the main contractor for main building works construction project known as "Cadangan Satu Blok Pembangunan Bercampur (Fasa 4) Yang Mengandungi:- 1) 1 Tingkat Basement, 2) 3 Tingkat Pusat Membeli-Belah, 3) 5 Tingkat Tempat Letak Kereta, 4) 1 Tingkat Pusat Kemudahan Awam, 5) 34 Tingkat Pangsapuri Servis Di Atas Lot PB1, Pusat Bandar 1, Kota Damansara, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan".

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

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

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

**B11. Changes in material litigation (contd.)**

**(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd (contd.)**

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

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 30 September 2022.

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

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

**(b) Encorp Iskandar Development Sdn Bhd and Konsortium Ipmine Merz Sdn Bhd**

Encorp Iskandar Development Sdn Bhd ("EIDSB") has on 6<sup>th</sup> November 2019, served a Notice of Arbitration dated 6<sup>th</sup> November 2019 on Konsortium Ipmine Merz Sdn Bhd ("KIMSB") to refer EIDSB's claims on liquidated damages for delay to complete the Project to arbitration, pursuant to the provisions of the Conditions of Contract.

EIDSB is the employer who has awarded KIMSB, the main contractor for building works construction project known as "Cadangan Pembangunan Pangsapuri Servis (571 unit) Dan Ruang Niaga Yang Mengandungi: A) i) 1 Blok Podium 7 Tingkat Yang Terdiri Daripada: 1 Tingkat Bawah Lobi Utama Dan Ruang Perniagaan & 6 Tingkat Tempat Letak Kereta; ii) 1 Blok Pangsapuri Servis (Menara 1) 23 Tingkat (199 Unit) Berserta Dengan Kemudahan Rekreasi; B) i) 1 Blok Pangsapuri Servis 35 Tingkat (372 Unit) Yang Terdiri Daripada: 1 Tingkat Bawah Lobi Utama Dan Ruang Perniagaan, 4 Tingkat Lobi Utama Dan Ruang Servis & Pangsapuri Servis (Menara 2a) 30 Tingkat (364 Unit) Berserta Dengan Kemudahan Rekreasi; ii) 1 Blok Pangsapuri Servis (Menara 2b) 4 Tingkat (8 Unit) Berserta Dengan Kemudahan Rekreasi Di Atas Lot PTD 166961, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim" ("Project").

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

**B10. Changes in material litigation (contd.)**

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

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

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

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

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

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

Details of the notice of the arbitration can be found in the announcement dated 6<sup>th</sup> November 2019.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA (contd.)****B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 30 September 2022.

**B12. Profit for the period**

	Quarter ended 30.09.2022 RM'000	Period-to-date ended 30.09.2022 RM'000
The profit/(loss) is arrived at after charging/(crediting):		
a) Interest income	(1,074)	(2,487)
b) Other income	(423)	(1,003)
c) Interest expense	16,447	48,965
d) Depreciation and amortisation	600	1,770
e) Employee benefits	3,259	9,092
f) Unrealised gain on foreign exchange	294	52
g) Operating lease		
- equipment	20	71
- others	3	7
	<u>3</u>	<u>7</u>

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

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

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

a) Basic EPS

	Quarter ended		Period-to-date ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent	<u>(4,068)</u>	<u>(7,951)</u>	<u>(8,187)</u>	<u>(11,647)</u>
Weighted average number of ordinary shares in issue	<u>316,299</u>	<u>315,879</u>	<u>316,299</u>	<u>315,879</u>
<b>Basic EPS (sen)</b>	<u>(1.29)</u>	<u>(2.52)</u>	<u>(2.59)</u>	<u>(3.69)</u>

b) Diluted EPS

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

**B14. Authorisation for issue**

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

By Order of the Board  
**ENCORP BERHAD**  
Company No. 200001004231 (506836-X)

**Lee Lay Hong**  
Company Secretary

Date: 29 November 2022