



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2022**

**ENCORP BERHAD**

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER 31 DECEMBER 2022**

	Quarter ended		Year-to-date ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	36,751	56,120	137,494	146,704
Cost of sales	(10,058)	(14,154)	(43,268)	(43,617)
Gross profit	26,693	41,966	94,226	103,087
Other income	3,662	1,983	7,152	4,657
Selling and marketing expenses	(1,459)	(219)	(6,650)	(688)
Administrative expenses	(5,500)	(2,387)	(19,796)	(17,814)
Finance costs	(16,977)	(18,318)	(65,942)	(73,161)
Other expenses	(14,757)	(12,416)	(16,527)	(14,197)
(Loss)/Profit before tax	(8,338)	10,609	(7,537)	1,884
Income tax	(3,430)	(6,920)	(10,667)	(10,051)
(Loss)/Profit net of tax	(11,768)	3,689	(18,204)	(8,167)
<b>Other comprehensive income/(loss)</b>				
Foreign currency translation	300	(52)	328	908
<b>Total comprehensive profit/(loss) for the year</b>	<b>(11,468)</b>	<b>3,637</b>	<b>(17,876)</b>	<b>(7,259)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the parent	(11,954)	755	(20,141)	(10,892)
Non-controlling interest	186	2,934	1,937	2,725
	<b>(11,768)</b>	<b>3,689</b>	<b>(18,204)</b>	<b>(8,167)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the parent	(11,654)	703	(19,813)	(9,984)
Non-controlling interest	186	2,934	1,937	2,725
	<b>(11,468)</b>	<b>3,637</b>	<b>(17,876)</b>	<b>(7,259)</b>
<b>Earnings/(Loss) per share attributable to owner of the parent (sen)</b>				
Basic	(3.78)	0.24	(6.37)	(3.44)

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.

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Company No. 200001004231(506836-X)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,523	4,828
Right-of-use assets	15,585	17,597
Intangible assets	152	79
Investment properties	291,780	290,290
Land held for property development	26,590	17,034
Trade and other receivables	457,023	543,349
Deferred tax assets	2,040	5,653
	<u>798,693</u>	<u>878,830</u>
<b>Current assets</b>		
Property development costs	31,681	5,553
Inventories	78,553	107,454
Contract assets	7,558	29,031
Tax recoverable	1,242	1,227
Trade and other receivables	107,011	106,811
Other current assets	398	742
Other investments	139,680	134,350
Cash and cash equivalents	36,070	44,951
	<u>402,193</u>	<u>430,119</u>
<b>Total assets</b>	<u>1,200,886</u>	<u>1,308,949</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022 (contd.)**

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	69,540	71,678
Other current liabilities	3,823	4,655
Contract liabilities	3,923	4,650
Loans and borrowings	137,318	143,784
Income tax payable	906	1,893
	<u>215,510</u>	<u>226,660</u>
<b>Non-current liabilities</b>		
Trade and other payables	30,867	18,387
Loans and borrowings	526,524	618,394
Deferred tax liabilities	4,942	4,664
	<u>562,333</u>	<u>641,445</u>
<b>Total liabilities</b>	<u>777,843</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	23,889	23,561
Accumulated Loss	(88,642)	(68,501)
	<u>333,936</u>	<u>353,749</u>
Non-controlling interest	89,107	87,095
<b>Total equity</b>	<u>423,043</u>	<u>440,844</u>
<b>Total equity and liabilities</b>	<u>1,200,886</u>	<u>1,308,949</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.06</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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2022**

	← Non-distributable →			Accumulated Loss	Total	Non-controlling interest	Total equity
	Share capital	Treasury shares	Other reserves				
	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	-	-	-	(20,141)	(20,141)	1,937	(18,204)
Other comprehensive profit	-	-	328	-	328	-	328
Total comprehensive profit/(loss) for the period	-	-	328	(20,141)	(19,813)	1,937	(17,876)
<b>Transaction with owners:</b>							
Change of ownership interest in a subsidiary	-	-	-	-	-	75	75
<b>At 31 December 2022</b>	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
<b>At 1 January 2021</b>	399,016	(327)	22,653	(57,609)	363,733	84,370	448,103
Loss for the period	-	-	-	(10,892)	(10,892)	2,725	(8,167)
Other comprehensive profit	-	-	908	-	908	-	908
Total comprehensive profit/(loss) for the period	-	-	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

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 31 DECEMBER 2022**

	Year ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(7,537)	1,884
<u>Adjustments:</u>		
Depreciation	2,356	2,365
Amortisation of intangible assets	36	13
Interest expenses	65,942	72,779
Gain on money market investment security	(3,104)	-
Distribution income from money market investment security	(195)	-
Interest income	(1,016)	(231)
Fixed asset written off	2	-
Gain on disposal of property, plant and equipment	(28)	(50)
Deposit forfeited income	(228)	(80)
Provision for short-tem accumulating compensated absences	245	237
(Gain)/loss in fair value of investment properties	(1,463)	7,688
Expected credit losses/(Reversal of expected credit loss) of trade and other receivables	15	(393)
Inventories written down	13,635	4,131
Unwinding of discount/(Effect of modification) on other liabilities at amortised cost	514	(96)
Provision for impairment of deposit	500	-
Reversal of liquidated and ascertained damages	-	(51)
Unrealised loss on forex	491	1,272
Operating profit before working capital changes	<u>70,165</u>	<u>89,468</u>
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(17,742)	29,349
Inventories	15,266	4,171
Trade and other receivables	85,407	105,864
Contract assets and contract liabilities	20,746	(32,364)
Other current assets	344	19
Trade and other payables	(9,352)	2,745
Other current liabilities	(832)	(16,701)
Cash generated from operations	<u>164,002</u>	<u>182,551</u>
Tax paid	(7,778)	(4,179)
Interest paid	(41,642)	(47,346)
Net cash generated from operating activities	<u>114,582</u>	<u>131,026</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2022 (contd.)**

	Year ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>Cash flows from investing activities</b>		
Interest received	1,016	231
Acquisition of property, plant and equipment	(1,041)	(84)
Acquisition of intangible assets	(109)	(78)
Proceeds from disposal of property, plant and equipment	28	50
Additions on investment properties	(27)	-
Distribution income received	195	-
Placement of investment security	(2,226)	(6,551)
Net cashflow used in investing activities	<u>(2,164)</u>	<u>(6,432)</u>
<b>Cash flows from financing activities</b>		
Net borrowing of loans & borrowing	(19,025)	(12,722)
Repayment of Sukuk Murabahah	(100,000)	(95,000)
Placement of deposits	(23)	(22)
Proceeds from issuance of ordinary shares	75	-
Net payment in finance lease payables	(2,595)	(2,495)
Net cashflow used in financing activities	<u>(121,568)</u>	<u>(110,239)</u>
Net (decrease)/increase in cash and cash equivalents	(9,150)	14,355
Effect of exchange rate changes	246	682
Cash and cash equivalents at beginning of period	42,158	27,121
Cash and cash equivalents at end of period	<u>33,254</u>	<u>42,158</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,783	2,760
- Licensed corporation	33	33
Cash and bank balances	<u>33,254</u>	<u>42,158</u>
	36,070	44,951
Less: Bank balances and deposits pledged	<u>(2,816)</u>	<u>(2,793)</u>
<b>Cash and cash equivalents at end of period</b>	<u>33,254</u>	<u>42,158</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 31 DECEMBER 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 31 DECEMBER 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 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
Amendments to MFRS 16 Leases	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10 and MFRS 128 – Consolidated financial statements and Investment in Associates and joint venture	Deferred

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

The Group's latest audited financial statements for the financial year ended 31 December 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 31 December 2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 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 RM137.7 million had been remitted in the financial year 2022 whereas the next principal and profit payment amounting to RM66.4 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 31 December 2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 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	-	58,631	73,387	5,035	-	441	-	137,494
Inter-segment	4,549	-	-	866	-	5,546	(10,961)	-
<b>Total Revenue</b>	<b>4,549</b>	<b>58,631</b>	<b>73,387</b>	<b>5,901</b>	<b>-</b>	<b>5,987</b>	<b>(10,961)</b>	<b>137,494</b>
<b>Results:</b>								
Segment results	(13,998)	57,292	2,105	(1,339)	(1,080)	(1,330)	27,504	69,154
Interest income	3,238	3,001	10,340	1	3	1	(12,269)	4,315
Interest expense	(2,329)	(59,917)	(6,888)	(9,058)	(15)	(17)	12,282	(65,942)
Inventories written down	-	-	(13,635)	-	-	-	-	(13,635)
Gain on fair value of investment properties	-	-	-	1,463	-	-	-	1,463
Provision for impairment of deposit	-	-	-	-	(500)	-	-	(500)
Depreciation and amortisation	(1,944)	(2)	(60)	(283)	-	(2)	(101)	(2,392)
<b>(Loss)/Profit before tax</b>	<b>(15,033)</b>	<b>374</b>	<b>(8,138)</b>	<b>(9,216)</b>	<b>(1,592)</b>	<b>(1,348)</b>	<b>27,416</b>	<b>(7,537)</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 31 DECEMBER 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 31 December 2022 up to the date of this report.

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

Incorporation of Encorp Millennium Sdn Bhd

On 9 September 2022, an immediate subsidiary of the Company, Encorp Construction & Infrastructure Sdn Bhd ("ECISB") incorporated a subsidiary, Encorp Millennium Sdn Bhd ("EMLSB") under the Companies Act 2016. The principal activity of EMLSB is investment holding, construction project management and property development.

The initial share capital of EMLSB was RM1,000 of which 70% owned by ECISB and 30% owned by Touch Millennium Sdn Bhd ("TMSB") respectively. Subsequently on 6 October 2022, EMLSB increased an additional share capital of RM250,000 to RM251,000. The shareholding of EMLSB remain the same, with cumulative cost of investment in EMLSB of RM176,000 as at the year end.

**A11. Changes in contingent liabilities**

	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contingent liabilities:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	8,848	11,448

**A12. Capital commitments**

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 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  
(Q4-2022 vs. Q4-2021)**

The Group recorded a revenue of RM36.8 million in Q4-2022 as compared to RM56.1 million in Q4-2021, representing a decrease of 34.4% or RM19.3 million mainly attributed to a lower contribution from the property development segment. Further details are explained in the segmental review.

The Group reported a loss before tax of RM8.3 million in Q4-2022, a decrease in the profitability of RM18.9 million compared to the same period in the previous year. This was in line with the reduction in revenue. The financial results were inclusive of one-off adjustments, including inventories written down of RM13.6 million that have been offset by gain on fair value of investment properties of RM1.5 million.

**Property Development**

The property development segment reported a lower revenue of RM21.1 million in Q4-2022 as compared to RM38.9 million in Q4-2021, a decrease of RM17.8 million. The decrease in revenue was mainly due to lower revenue contribution from the on-going phases in Cahaya Alam. The on-going phases in Cahaya Alam generated a revenue of RM15.2 million, which was lower compared to the revenue of RM31.1 million in Q4-2021. The decrease in revenue was mainly attributed to the industry-wide labour shortage, which caused a delay in completing construction works on phase Lily of Cahaya Alam.

As a result of the post-pandemic economic recovery, the high-rise properties in EMPH have shown an improvement in sales by reporting RM5.8 million in Q4-2022 as compared to RM1.3 million in Q4-2021. The property development segment reported a loss before tax of RM23.5 million in Q4-2022, an increase in losses of RM23.3 million as compared to Q4-2021. The increase in loss before tax was due to lower revenue contribution from the on-going phases in Cahaya Alam and one-off adjustments of RM13.6 million on the inventories written down during Q4-2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 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  
(Q4-2022 vs. Q4-2021) (contd.)****Investment Property**

Investment property segment reported a revenue of RM1.5 million in Q4-2022, an increase of RM0.2 million from Q4-2021. The retail segment is showing an encouraging recovery as a result of the management's effort to improve the occupancy rate.

The Group has also registered a lower loss before tax of RM0.9 million in Q4-2022, an improvement in the financial results of RM3.6 million on the back of the increase in the fair value of the investment properties of RM1.5 million as opposed to the loss in fair value of RM1.6 million in Q4-2021.

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

**Concessionaire**

The concession division recorded a revenue of RM13.9 million in Q4-2022 as compared to a revenue of RM15.8 million in Q4-2021.

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 31 DECEMBER 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 24.4% higher revenue of RM36.8 million in Q4-2022 largely due to higher contributions from the property development segment.

Property development segment recorded a revenue of RM21.1 million in Q4-2022, an increase of RM7.0 million or 49.6% as compared to RM14.1 million in Q3-2022. The higher revenue reported in Q4-2022 was mainly due to the increased revenue contribution from phase Lily in Cahaya Alam directly as a result of the mitigating factors put in place to address the labour shortages suffered in the previous quarter. The projects in Cahaya Alam showed a significant increase in revenue, generating RM15.2 million in Q4-2022 compared to the RM9.1 million reported in Q3-2022. EMPH properties in Johor managed to generate revenue of RM5.8 million in Q4-2022.

The Group reported a loss before tax of RM8.3 million in Q4-2022, which was increased by RM7.1 million compared to the loss before tax of RM1.2 million in Q3-2022. The higher losses reported in Q4-2022 were attributed to one-off adjustments totaling RM13.6 million.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 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 pandemic as the government deployed various strategies to revitalise and reform the economy. The formation of a new unity government is expected to provide a strong foundation for political stability. The new government will also prioritise tackling economic issues such as the high cost of living and the weakening Ringgit. The improvement in the Ringgit Malaysia against the US Dollar and the maintenance of the current Overnight Policy Rate (OPR) at 2.75% is expected to have a positive impact on the economy. We hope that the strengthening of the ringgit, stability of the interest rate and the stamp duty exemption introduced under the Home Ownership Programme from June 2022 to December 2023 will improve buyers' sentiment on properties, stable raw material costs and 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. Since the reopening of the border between Johor and Singapore, demand for EMPH properties has continued to grow.

The occupancy rate of the retail segment showed improvement as a result of our marketing effort and the positive economic recovery. The Group also sees potential uptake in event spaces at the mall as economic activities pick up. In addition to increasing marketing initiatives and holding more events to encourage more foot traffic, the Group also intensified leasing activities to drive up 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 a current estimated Gross Development Value ("GDV") of RM79.2 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 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 a current estimated GDV of RM540.0 million.

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LISTING REQUIREMENTS OF BURSA (contd.)****B4. Variance from forecast profit and profit guarantee**

Not applicable.

**B5. Income tax**

	Quarter ended		Year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Income tax	(1,203)	(2,496)	(6,776)	(3,106)
Deferred tax	(2,227)	(4,424)	(3,891)	(6,945)
	<u>(3,430)</u>	<u>(6,920)</u>	<u>(10,667)</u>	<u>(10,051)</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 31 December 2022.

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

There were no purchase or disposal of quoted securities for the financial year ended 31 December 2022.

**B8. Status of corporate proposals**

There was no corporate proposal announced but not completed as at 28 February 2023.

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LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	<b>As at 31.12.2022</b>	
	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Sukuk Murabahah	79,936	494,171
Term loan	22,350	15,287
Revolving credit	33,500	-
Lease liabilities	1,532	17,066
	<u>137,318</u>	<u>526,524</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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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 31 December 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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**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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LISTING REQUIREMENTS OF BURSA (contd.)****B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 31 December 2022.

**B12. Profit for the year**

	<b>Quarter ended 31.12.2022 RM'000</b>	<b>Year ended 31.12.2022 RM'000</b>
The profit/(loss) is arrived at after charging/(crediting):		
a) Interest income	(1,828)	(4,315)
b) Other income	(1,834)	(2,837)
c) Interest expense	16,977	65,942
d) Depreciation and amortisation	622	2,392
e) Employee benefits	1,805	10,897
f) Unrealised loss on foreign exchange	439	491
g) Operating lease		
- equipment	21	92
- others	-	7
h) Provision of short-term accumulating absences	245	245
i) Expected credit losses on trade and other receivables	15	15
j) Provision for impairment of deposit	500	500
k) Fixed asset written off	2	2
l) Gain on disposal of property, plant and equipment	(28)	(28)
m) Gain of fair value of investment properties	(1,463)	(1,463)
n) Inventories written down	13,635	13,635
o) Unwinding of discount on other liabilities at amortised costs	514	514

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

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

a) Basic EPS

	Quarter ended		Year ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to owners of the parent	<u>(11,954)</u>	<u>755</u>	<u>(20,141)</u>	<u>(10,892)</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>(3.78)</u>	<u>0.24</u>	<u>(6.37)</u>	<u>(3.45)</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 28 February 2023.

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

**Lee Lay Hong**  
Company Secretary

Date: 28 February 2023