



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

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

ENCORP BERHAD

Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

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

	Quarter and	
	Period-to-date ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Revenue	44,129	27,409
Cost of sales	<u>(16,882)</u>	<u>(7,394)</u>
Gross profit	27,247	20,015
Other income	953	1,063
Selling and marketing expenses	(185)	(198)
Administrative expenses	(2,094)	(3,604)
Finance costs	(16,151)	(18,145)
Other expenses	<u>(591)</u>	<u>(601)</u>
Profit/(Loss) before tax	9,179	(1,470)
Income tax	<u>(4,938)</u>	<u>(662)</u>
Profit/(loss) net of tax	4,241	(2,132)
Other comprehensive income/(loss)		
Foreign currency translation	<u>(1,481)</u>	<u>(743)</u>
Total comprehensive income/(loss) for the year	<u>2,760</u>	<u>(2,875)</u>
Profit/(Loss) attributable to:		
Owners of the parent	3,073	(1,632)
Non-controlling interest	<u>1,168</u>	<u>(500)</u>
	<u>4,241</u>	<u>(2,132)</u>
Total comprehensive profit/(loss) attributable to:		
Owners of the parent	1,592	(2,375)
Non-controlling interest	<u>1,168</u>	<u>(500)</u>
	<u>2,760</u>	<u>(2,875)</u>
Earnings/Loss per share attributable to owner of the parent (sen)		
Basic	<u>0.97</u>	<u>(0.53)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 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 31 MARCH 2022**

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	4,785	4,828
Right-of-use assets	17,094	17,597
Intangible assets	162	79
Investment properties	290,290	290,290
Land held for property development	17,376	17,034
Trade and other receivables	527,640	543,349
Deferred tax assets	5,519	5,653
	<u>862,866</u>	<u>878,830</u>
Current assets		
Property development costs	1,468	5,553
Inventories	109,962	107,454
Contract assets	9,578	29,031
Tax recoverable	1,228	1,227
Trade and other receivables	123,679	106,811
Other current assets	543	742
Other investments	156,399	134,350
Cash and cash equivalents	68,835	44,951
	<u>471,692</u>	<u>430,119</u>
Total assets	<u>1,334,558</u>	<u>1,308,949</u>

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Company No. 200001004231(506836-X)

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

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	79,554	71,678
Other current liabilities	4,655	4,655
Contract liabilities	5,408	4,650
Loans and borrowings	139,832	143,784
Income tax payable	5,041	1,893
	<u>234,490</u>	<u>226,660</u>
Non-current liabilities		
Trade and other payables	18,950	18,387
Loans and borrowings	632,758	618,394
Deferred tax liabilities	4,756	4,664
	<u>656,464</u>	<u>641,445</u>
Total liabilities	<u>890,954</u>	<u>868,105</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	22,080	23,561
Accumulated Loss	(65,428)	(68,501)
	<u>355,341</u>	<u>353,749</u>
Non-controlling interest	88,263	87,095
Total equity	<u>443,604</u>	<u>440,844</u>
Total equity and liabilities	<u>1,334,558</u>	<u>1,308,949</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.12</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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Company No. 200001004231(506836-X)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 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
At 1 January 2022	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844
Profit for the year	-	-	-	3,073	3,073	1,168	4,241
Other comprehensive loss	-	-	(1,481)	-	(1,481)	-	(1,481)
Total comprehensive (loss)/profit for the period	-	-	(1,481)	3,073	1,592	1,168	2,760
At 31 March 2022	399,016	(327)	22,080	(65,428)	355,341	88,263	443,604
At 1 January 2021	399,016	(327)	22,653	(57,609)	363,733	84,370	448,103
Loss for the period	-	-	-	(1,632)	(1,632)	(500)	(2,132)
Other comprehensive loss	-	-	(743)	-	(743)	-	(743)
Total comprehensive loss for the period	-	-	(743)	(1,632)	(2,375)	(500)	(2,875)
At 31 March 2021	399,016	(327)	21,910	(59,241)	361,358	83,870	445,228

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 MARCH 2022**

	Period ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	9,179	(1,470)
<u>Adjustments:</u>		
Depreciation	586	599
Amortisation of intangible assets	5	2
Interest expenses	16,151	18,145
Gain on money market investment security	(613)	31
Distribution income from money market investment security	(8)	(618)
Interest income	(53)	(208)
Deposit forfeited income	-	(76)
Expected credit losses of trade receivables	-	675
Unrealised gain on forex	(2,068)	(1,046)
Operating profit before working capital changes	23,179	16,034
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	3,743	838
Inventories	(2,508)	318
Trade and other receivables	909	32,056
Contract assets and contract liabilities	20,211	(5,310)
Other current assets	199	104
Trade and other payables	8,292	(4,425)
Other current liabilities	-	427
Cash generated from operations	54,025	40,042
Income tax	(1,565)	(359)
Interest paid	(940)	(1,135)
Net cash generated from operating activities	51,520	38,548

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 31 MARCH 2022 (contd.)**

	Period ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Cash flows from investing activities		
Interest received	53	-
Acquisition of property, plant and equipment	(40)	(6)
Acquisition of intangible assets	(88)	-
Distribution income received	8	618
Placement of investment security	(21,436)	(29,284)
Net cashflow used in investing activities	<u>(21,503)</u>	<u>(28,672)</u>
Cash flows from financing activities		
Net borrowing of loans & borrowing	(4,400)	8,978
Withdrawal of deposits	(23)	(13)
Net payment in finance lease payables	(620)	(623)
Net cashflow (used in)/generated from financing activities	<u>(5,043)</u>	<u>8,342</u>
Net increase in cash and cash equivalents	24,974	18,218
Effect of exchange rate changes	(1,113)	(556)
Cash and cash equivalents at beginning of period	42,158	27,121
Cash and cash equivalents at end of period	<u>66,019</u>	<u>44,783</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	2,783	2,753
- Licensed corporation	33	31
Cash and bank balances	<u>66,019</u>	<u>44,783</u>
	68,835	47,567
Less: Bank balances and deposits pledged	<u>(2,816)</u>	<u>(2,784)</u>
Cash and cash equivalents at end of period	<u>66,019</u>	<u>44,783</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 MARCH 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

Description	Effective for annual periods beginning on or after
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 MARCH 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 31 March 2022.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 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 March 2021, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM69.2 million is scheduled in May 2022.

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

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

A7. Dividend paid

No dividend was paid during the quarter ended 31 March 2022.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 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 March 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
Revenue								
External customers	-	15,381	27,309	1,347	-	92	-	44,129
Inter-segment	1,028	-	-	217	-	92	(1,337)	-
Total Revenue	1,028	15,381	27,309	1,564	-	184	(1,337)	44,129
Results:								
Segment results	(557)	15,072	9,436	27	(124)	(201)	1,594	25,247
Interest income	825	596	2,221	-	-	-	(2,968)	674
Interest expense	(572)	(14,776)	(1,618)	(2,149)	(3)	(1)	2,968	(16,151)
Depreciation and amortisation	(485)	-	(19)	(62)	-	-	(25)	(591)
(Loss)/Profit before tax	(789)	892	10,020	(2,184)	(127)	(202)	1,569	9,179

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 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 March 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 31 March 2022 up to the date of this report.

A11. Changes in contingent liabilities

	31.03.2022	31.03.2021
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	11,798	12,693

A12. Capital commitments

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 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
(Q1-2022 vs. Q1-2021)**

The financial performance of the Group in Q1-2022 showed an encouraging recovery and reported a revenue of RM44.1million, an increase of 60.9% or RM16.7 million as compared to RM27.4 million in Q1-2021. The increase in revenue is mainly attributable to higher revenue from on-going property development in Cahaya Alam.

In the previous corresponding period, the financial performance of the Group was affected by the implementation of Movement Control Order. The sales and marketing activities of on-going and completed projects were restricted.

The Group recorded a profit before tax of RM9.2 million in Q1-2022 over the loss before tax of RM1.5 million in Q1-2021. Higher profit before tax in the current period is mainly contributed by the revenue of Clover phase in Cahaya Alam and foreign exchange gain on the inter-company balances to a subsidiary in Australia.

Property Development

The core business segment of the Group reported a revenue of RM27.3 million and profit before tax of RM10.0 million respectively in Q1-2022, higher than the revenue and profit before tax in Q1-2021 of RM8.9 million and RM0.8 million respectively. The relaxation of movement restrictions has shown a positive recovery to the property development segment especially the on-going phases in Cahaya Alam.

The on-going phases of Clover and Lily in Cahaya Alam posted a revenue of RM25.1 million in Q1-2022 over RM7.9 million in Q1-2021. Phase Clover has completed its construction in Q1-2022 and achieved a revenue of RM19.8 million whereas Lily has recorded a revenue of RM5.2 million. The sale of completed high-rise properties in Johor and Selangor remain weak.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 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
(Q1-2022 vs. Q1-2021) (contd.)****Investment Property**

For Q1-2022 and Q1-2021, the revenue in investment property segment was reported at RM1.3 million whilst the lost before tax was RM2.2 million in Q1-2022 and RM2.5 million in Q1-2021. The pro-longed Covid-19 pandemic since 2020 caused a devastating impact to the retail sector. The retail sector still remains challenging resulting in lower occupancy rates for the mall segment.

In an effort to improve the occupancy rate and footfall at Encorp Strand Mall, the management is strengthening the leasing activities by refurbishing the mall and intensifying marketing initiatives. The management is also incorporating the technology such as introducing cashless parking to retain existing tenants and bring in new ones while employing measures to keep costs to a minimum.

Concessionaire

The concession division recorded a revenue of RM15.4 million in Q1-2022 as compared to a revenue of RM17.2 million in Q1-2021.

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 MARCH 2022 (contd.)**

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

B2. Comparison with Immediate Preceding Quarter

The Group has recorded a revenue of RM44.1 million in Q1-2022 as compared to RM56.1 million in Q4-2021, a decrease of 21.4% or RM12.0 million. The reduction in revenue is mainly attributable to the lower revenue generated from the property development segment. The property development segment recorded a revenue of RM27.3 million in Q1-2022 as compared to RM38.9 million in Q4-2021, a reduction of RM11.6 million.

The revenue of on-going phases Clover and Lily in Q1-2022 were reported at RM25.1 million, RM6.0 million lower than the revenue of RM31.1 million in Q4-2021. Since the launching of phase Lily in Q1-2021, the Group has achieved 93% of sales rate in Q4-2021 and 95% in Q1-2022. The revenue of phase Lily was recorded at RM5.2 million in Q1-2022, RM4.7 million lower than the revenue of RM9.9 million in Q4-2021. The decrease in revenue in Q1-2022 was further due to the transfer of Development Rights on low cost housing on Parcel N,O,P of Cahaya Alam in Q4-2021 which contributed additional revenue of RM3.7 million.

Whilst the revenue of the Group in Q1-2022 is lower by RM12.0 million than the revenue in Q4-2021, the Group has marked a profit before tax of RM9.2 million in Q1-2022 as compared to RM10.6 million in Q4-2021. In Q4-2021, the Group made one off adjustments on impairments of inventories and fair value of investment properties of RM11.8 million.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects**

On 8 March 2022, the Government announced that Malaysia would commence its transition to the endemic phase and reopen its borders from 1 April 2022. The Group is hopeful that the transition to endemic phase will bring positive recovery to the property development and investment property segment especially our high-rise properties in Johor and Kota Damansara.

Landed residential properties in Cahaya Alam continue to demonstrate strong demand because of its strategic location and matured township. However, due to the overhang situation coupled with the Covid-19 pandemic since 2020, the sale of high-rise properties remain challenging. Nevertheless, the outlook for high-rise properties especially in Johor would show an encouraging recovery following the reopening of borders.

Retail growth was adversely affected by the prolonged lockdowns caused by the Covid-19 pandemic that shifted consumers' buying behavior to online shopping as the new norm. The Group is mindful of the challenges and continue to strengthen the leasing activities by intensifying marketing initiatives and organizing more events to attract the footfall.

The Group remains cautious to the future prospects. Despite this, due to its strategic location, excellent accessibility and favorable response to its recent launches, the Group will continue to build landed properties at Encorp Cahaya Alam.

The Group will continue to venture into projects that are affordable and in areas where there is a lesser degree of overhang. In March 2022, a subsidiary of the Group, Encorp Development Sdn Bhd ("EDSB") had 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 with Ip Muda 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 Gross Development Value ("GDV") of RM67.72 million.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 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 and Period-to-date ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Income tax	(4,712)	(389)
Deferred tax	(226)	(273)
	<u>(4,938)</u>	<u>(662)</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 are higher than statutory tax rates mainly due to construction costs provided for phase Clover completed 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 March 2022.

B7. Purchase or disposal of quoted securities

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

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 30 May 2022.

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

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

B9. Borrowings and debt securities

	As at 31.03.2022	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	77,476	589,160
Term loan	22,800	25,412
Revolving credit	38,000	-
Lease liabilities	1,556	18,186
	<u>139,832</u>	<u>632,758</u>

B10. Changes in material litigation

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

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

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

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

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2022 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B11. Changes in material litigation (contd.)****(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd (contd.)**

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

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 31 March 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 11th April 2018, 7th May 2018, 27th June 2018 and 6th July 2018.

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

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

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

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

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

B10. Changes in material litigation (contd.)

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

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

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

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

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

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

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

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 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 31 March 2022.

B12. Profit for the period

	Quarter and Period-to-date ended 31.03.2022 RM'000
The profit/(loss) is arrived at after charging/(crediting):	
a) Interest income	(674)
b) Other income	(279)
c) Interest expense	16,151
d) Depreciation and amortisation	591
e) Employee benefits	2,800
f) Unrealised gain on foreign exchange	(2,068)
g) Operating lease	
- equipment	31
- others	2
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED (contd.)**

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

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

a) Basic EPS

	Quarter and Period-to-date ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Profit/(Loss) attributable to owners of the parent	<u>3,073</u>	<u>(1,632)</u>
Weighted average number of ordinary shares in issue	<u>316,299</u>	<u>310,760</u>
Basic EPS (sen)	<u>0.97</u>	<u>(0.53)</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 30 May 2022.

By Order of the Board

ENCORP BERHAD

Company No. 200001004231 (506836-X)

Lee Lay Hong

Company Secretary

Date: 30 May 2022