

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31 / 12 / 2016 RM ' 000	(Audited) As at 31 / 03 / 2016 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	5,363	4,267
Investment properties	170,400	170,400
Investment in associate	-	-
Goodwill	11,445	-
	187,208	174,667
Current assets		
Property development cost	27,189	65,363
Inventories	43,729	41,208
Trade and other receivables	96,905	78,167
Derivative assets	122	-
Current tax assets	1,247	654
Cash and cash equivalents	59,975	37,169
	229,167	222,561
TOTAL ASSETS	416,375	397,228
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	136,208	136,208
Reserves	103,570	98,995
Non-controlling interests	17,454	11,026
Total equity	257,232	246,229
Non-current liabilities		
Deferred tax liabilities	200	200
Trade and other payables	4,092	6,104
Borrowings	22,067	35,360
	26,359	41,664
Current liabilities		
Trade and other payables	85,182	86,374
Borrowings	42,086	20,945
Current tax liabilities	5,516	2,016
	132,784	109,335
Total liabilities	159,143	150,999
TOTAL EQUITY AND LIABILITIES	416,375	397,228
Net assets per share (after deducting the treasury shares) attributable to owners of the Company (RM)	1.78	1.74

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2016 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	31 / 12 / 2016	31 / 12 / 2015	31 / 12 / 2016	31 / 12 / 2015
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Continuing operations				
Revenue	79,666	51,440	169,535	91,304
Cost of sales	(51,332)	(36,116)	(116,099)	(65,329)
Gross profit	28,334	15,324	53,436	25,975
Other operating income	776	459	1,107	837
Operating expenses	(7,117)	(5,093)	(20,211)	(11,155)
Profit from operations	21,993	10,690	34,332	15,657
Finance cost	(1,112)	(464)	(3,029)	(2,989)
Profit before taxation	20,881	10,226	31,303	12,668
Taxation	(5,803)	(2,973)	(8,645)	(4,368)
Profit for the financial period from continuing operations	15,078	7,253	22,658	8,300
Discontinued operations				
Profit for the financial period from discontinued operations, net of tax	-	-	-	1,057
Profit for the financial period	15,078	7,253	22,658	9,357
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	591	(2,256)	(460)	532
Total comprehensive income for the financial period	15,669	4,997	22,198	9,889
Profit attributable to:-				
Owners of the Company	10,864	5,062	15,722	6,449
Non-controlling interests	4,214	2,191	6,936	2,908
	15,078	7,253	22,658	9,357
Total comprehensive income attributable to:-				
Owners of the Company	11,305	2,806	15,368	6,981
Non-controlling interests	4,364	2,191	6,830	2,908
	15,669	4,997	22,198	9,889
Earnings per share (after deducting the treasury shares) attributable to owners of the Company (sen):				
(a) Basic				
Profit from continuing operations	8.05	3.75	11.65	3.99
Profit from discontinued operations	-	-	-	0.78
	8.05	3.75	11.65	4.78
(b) Fully diluted	n/a	n/a	n/a	n/a

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2016 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	----- Attributable to equity holders of the Company -----								
	----- Non-distributable -----				----- Distributable -----				
	Share Capital RM ' 000	Share Premium RM ' 000	Capital Reserves RM ' 000	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000	Retained Earnings RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	Total Equity RM ' 000
9 months ended 31 December 2016									
As at 01 April 2016	136,208	8,536	275	64	(1,199)	91,320	235,204	11,026	246,230
Profit for the financial period	-	-	-	-	-	15,722	15,722	6,936	22,658
Other comprehensive income, net of tax	-	-	-	(354)	-	-	(354)	(106)	(460)
Total comprehensive income	-	-	-	(354)	-	15,722	15,368	6,830	22,198
Acquisition of a subsidiary company - Non-controlling interest arising from business combinations	-	-	-	-	-	-	-	(491)	(491)
Issue of shares by subsidiaries	-	-	-	-	-	-	-	89	89
Dividends to owners of the Company	-	-	-	-	-	(10,794)	(10,794)	-	(10,794)
Total transactions with owners	-	-	-	-	-	(10,794)	(10,794)	(402)	(11,196)
As at 31 December 2016	136,208	8,536	275	(290)	(1,199)	96,248	239,778	17,454	257,232
9 months ended 31 December 2015									
As at 01 April 2015	136,208	8,536	275	-	(1,199)	79,642	223,462	-	223,462
Profit for the financial period	-	-	-	-	-	6,449	6,449	2,908	9,357
Other comprehensive income, net of tax	-	-	-	532	-	-	532	-	532
Total comprehensive income	-	-	-	532	-	6,449	6,981	2,908	9,889
Changes in ownership interests in a subsidiary	-	-	-	-	-	2,764	2,764	5,536	8,300
Total transactions with owners	-	-	-	-	-	2,764	2,764	5,536	8,300
As at 31 December 2015	136,208	8,536	275	532	(1,199)	88,855	233,207	8,444	241,651

The above Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2016 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended	
	31 / 12 / 2016 RM ' 000	31 / 12 / 2015 RM ' 000
Cash flows from operating activities		
Profit before taxation		
- continuing operations	31,304	12,668
- discontinued operations	-	1,057
Adjustments for non cash items:		
Depreciation of property, plant & equipment	797	519
Loss on remeasurement	15	-
Fair value gain on derivatives	(122)	-
Gain on disposal of subsidiaries	(200)	(295)
Loss on disposal of property, plant and equipment	-	25
Operating profit before changes in working capital	31,794	13,974
Changes in working capital	4,116	23,690
Tax paid	(5,146)	(3,755)
Interest expense	3,029	2,989
Interest income	(476)	(454)
Net cash generated from operating activities	33,317	36,444
Cash flows from investing activities		
Interest received	476	454
Uplift of pledged deposits	539	83
Proceeds from disposal of property, plant and equipment	-	(451)
Purchase of :		
- investment properties	-	(46,150)
- property, plant and equipment	(1,828)	(1,534)
Issuance of shares by subsidiary to non-controlling interests	89	-
Acquisition of subsidiaries, net of cash	(2,817)	-
Advance from a minority shareholder of subsidiaries	-	5,559
Proceed from disposal of non-controlling interests	-	8,300
Net cash inflow on disposal of subsidiaries	-	82,789
Net cash (used in)/generated from investing activities	(3,541)	49,050
Cash flows from financing activities		
Interest paid	(3,029)	(2,989)
Dividend paid	(10,794)	-
Drawdown from borrowings	7,363	26,897
Repayment of borrowings		
- Term loans	(13,713)	(53,492)
- Finance lease and hire purchase creditors	(74)	(61)
Net cash used in from financing activities	(20,247)	(29,645)
Net increase in cash and cash equivalents	9,529	55,849
Cash and cash equivalents at beginning of financial period	25,644	(22,917)
Effect of foreign currency exchange rate changes	(267)	-
Cash and cash equivalents at end of financial period	34,906	32,932
Cash and cash equivalents comprise:-		
Cash and bank balances	59,975	39,990
Less: Bank overdrafts	(20,697)	(5,160)
Fixed deposits pledged to licensed banks	(4,372)	(1,898)
	34,906	32,932

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2016 and the accompanying explanatory notes to the interim financial statements.

Compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting and Bursa Malaysia Securities Berhad Listing Requirements

1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 March 2016.

2 Changes in Significant Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 March 2016, except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective for the financial period commencing on 1 April 2016:

Title:	Effective Date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendment to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendment to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendment to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendment to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendment to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendment to <i>FRSs Annual Improvements to FRSs 2012-2014 Cycle</i>	1 January 2016

The adoption of the above standards, amendments to published standards and interpretations does not give rise to any material effects to the Group's financial statements.

The Group shall adopt the following FRSs that were issued with the following effective dates:

Title:	Effective Date
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
FRS 9 <i>Financial Instruments</i>	1 January 2018
Amendment to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018

On 19 November 2011, the MASB issued the new accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework, which is effective for financial periods beginning on or after 1 January 2012 with the exception of entities that the new accounting framework need not be applied by entities that are within the scope of MFRS 141 and IC interpretation 15 ('hereafter called Transitioning Entities'). On 2 September 2014, MASB allowed Transitioning Entities to defer the adoption of the MFRS framework to annual periods beginning on or after 1 January 2017. On 28 October 2015, the MASB has further announced the deferral of effective date of adoption of the MFRS Framework for the Transitioning Entities to annual period beginning on or after 1 January 2018.

The Group falls within the scope of Transitioning Entities and has opted to defer the adoption of MFRS framework for the financial periods as allowed. Accordingly, the Group shall prepare its first set of MFRS financial statements for the financial year ending 31 March 2019.

3 Qualification of auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2016 were not subject to any audit qualification.

4 Seasonal and cyclical factors

The business of the Group was not affected by any significant seasonal and cyclical factors during the current financial period under review.

5 Unusual items due to their nature, size and incidence

There were no items during the interim financial period under review affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

6 Changes in estimates

There were no changes in estimates which have a material effect on the results of the current financial period under review.

7 Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period under review.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

8 Dividends paid

On 17 August 2016, the Company paid the first interim single-tier dividend of 3 sen per ordinary share of RM1.00 each and special interim single-tier dividend of 5 sen per ordinary share of RM1.00 each totalling RM10.794 million in respect of the financial year ended 31 March 2016 as declared in the Directors' report of that year.

Save for the above, there were no dividends declared for the quarter ended 31 December 2015 and no dividend has been declared in the current quarter under review.

9 Segmental reporting

Period ended 31 December 2016

	Investment Properties RM'000	Property Development RM'000	Oil & Gas RM'000	Consolidated RM'000
Result from continuing operations				
Revenue				
- External	7,308	111,499	50,728	169,535
Total revenue	<u>7,308</u>	<u>111,499</u>	<u>50,728</u>	<u>169,535</u>
Results				
Operating (loss)/profit	(2,422)	30,048	6,230	33,856
Interest income				476
Finance cost				(3,029)
Tax expense				(8,645)
Profit for the financial period				<u><u>22,658</u></u>

Period ended 31 December 2015

	Investment Properties RM'000	Property Development RM'000	Oil & Gas RM'000	Consolidated RM'000
Result from continuing operations				
Revenue				
- External	6,954	78,932	5,418	91,304
Total revenue	<u>6,954</u>	<u>78,932</u>	<u>5,418</u>	<u>91,304</u>
Results				
Operating (loss)/profit	(1,018)	15,926	295	15,203
Interest income				454
Finance cost				(2,989)
Tax expense				(4,368)
Profit for the financial period from continuing operations				<u><u>8,300</u></u>
Results from discontinued operations				
Profit for the financial period from discontinued operations, net of tax				<u>1,057</u>
Profit for the financial period				<u><u>9,357</u></u>

The results from discontinued operations above relates to profits from Advantage Equity Sdn. Bhd. ("AESB"), Balance Focus Sdn. Bhd. ("BFSB") and Grand Sentosa Hotel Management Services Sdn. Bhd. (GSHMSSB). The disposals of AESB, BFSB and GSHMSSB have been completed on 1 July 2015.

10 Carrying amount of revalued assets

Save for investment properties carried at fair values, there are no revalued assets as at 31 December 2016.

11 Changes in the composition of the Group

(a) Acquisition of a subsidiary

On 5 February 2016, ENRA Oil & Gas Services Sdn. Bhd. ("EOGS"), an indirect wholly owned subsidiary of the Company had entered into Share Sale Agreement and Shareholders Agreement in respect of the acquisition of 750,000 ordinary shares of RM1.00 each in the share capital of Hikmah Oil & Gas Assistance Sdn. Bhd. ("Hikmah"), representing 75% of the total issued and paid up share capital of Hikmah for a consideration of up to RM10.290 million.

The acquisition was completed on 12 May 2016 and from that date, Hikmah became a subsidiary of EOGS and accordingly, a subsidiary of the Company. Hikmah on 13 June 2016 changed its name to ENRA Engineering and Fabrication Sdn. Bhd. ("EEFAB").

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

The effect of the acquisition of EE FAB had the following effect on the Group's financial results for the current period to date:

- (i) The cost of acquisitions and cash inflow on acquisitions are as follows:

	RM'000
Purchase consideration satisfied by cash	2,940
Less: Cash and cash equivalents of subsidiary acquired	<u>(123)</u>
Cash outflow from acquisition of subsidiary	<u><u>2,817</u></u>

- (ii) EE FAB had contributed the following to the financial results of the Group:

	Date of acquisition to 31 / 12 / 2016 RM'000
Revenue	17,647
Profit before tax	738
Profit for the period	<u><u>499</u></u>

- (iii) Had the acquisition been effected on 1 April 2016, the financial results contributed by EE FAB for current period to date would have been as follows:

	1 / 04 / 2016 to 31 / 12 / 2016 RM'000
Revenue	18,123
Profit before tax	449
Profit for the period	<u><u>200</u></u>

- (iv) The assets and liabilities recognised upon acquisition on the date of completion were as follows:

	As at the date of acquisition RM'000
Asset	
Non-current assets	
Property, plant and equipment	64
Intangible assets	<u>1</u>
	<u>65</u>
Current assets	
Trade and other receivables	5,478
Cash and cash equivalents	<u>123</u>
	<u>5,601</u>
Total Assets	<u><u>5,666</u></u>
Non-current liabilities	
Deferred tax liabilities	(1)
Borrowings	<u>(188)</u>
	<u>(189)</u>
Current Liabilities	
Trade and other payables	<u>(7,441)</u>
Total Liabilities	<u><u>(7,630)</u></u>
Fair value of total net liabilities	(1,964)
Non-controlling interests	<u>491</u>
Group's share of net liabilities	(1,473)
Add: Goodwill on consolidation	<u>11,445</u>
Total purchase consideration	<u><u>9,972</u></u>
Purchase consideration satisfied by cash	2,940
Deferred liability on future payments of the acquisition of EE FAB	<u>7,032</u>
Total purchase consideration	<u><u>9,972</u></u>

(b) Incorporation of new subsidiaries

- (i) On 21 September 2015, the Company had entered into a Heads of Agreement with AWT International (Asia) Sdn. Bhd. ('AWTIASB') with the intention of collaborating to form a Special Purpose Vehicle ("SPV").

Subsequently on 26 February 2016, EOGS, an indirect wholly owned subsidiary of the Company had entered into a Shareholder Agreement with AWT International (Decommissioning) Sdn. Bhd. ("AWTIDSB") to collaborate on well, platform and field abandonment/decommissioning and brownfield rejuvenation projects. EOGS and AWTIDSB proposed to form or acquire a SPV whereby the SPV's ratio of equity breakdown between AWTIDSB and EOGS shall be 49%:51% respectively. Upon the incorporation or acquisition of the SPV, the SPV shall become a subsidiary of EOGS.

Following the incorporation of the SPV named ENRA NauticAWT Sdn. Bhd. ("ENAWT") on 18 July 2016, EOGS now has a 51% stake in ENAWT.

- (ii) On 29 August 2016, the Company's indirect wholly owned subsidiary, EOGS had entered into a Shareholders Agreement with SPM Terminals Pty Ltd ("SPM") for the purpose of regulating their rights, duties and relationship in a newly incorporated company, ENRA SPM Sdn. Bhd. ("ESPM"). This is in line with the Company's expansion plans to leverage on the potential growth in niche oil and gas related activities.

On 7 November 2016, EOGS and SPM has established ESPM via the subscription of 100,000 ordinary shares of RM1.00 each to be held in the proportion of 60% and 40% respectively.

(c) Internal reorganisation of Group structure

On 1 December 2016, as part of an internal reorganisation of the EGB Group structure, EGB has acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of ENRA Engineering & Construction Sdn Bhd [formerly known as ENRA Pipeline Services Sdn Bhd] ("EEC") from ENRA Energy Sdn Bhd ("ENRA Energy"), a wholly-owned subsidiary of EGB for a total cash consideration of RM2.00 only. On the same day, EEC has acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of Perunding ENRA Sdn Bhd [formerly known as ENRA Trading Sdn Bhd] ("PESB") from ENRA Energy for a total cash consideration of RM2.00 only.

Subsequent to the aforementioned transfers of shares, PESB became a direct wholly-owned subsidiary of EEC and EEC in turn became a direct wholly-owned subsidiary of EGB. On 2 December 2016, PESB has allotted and issued 49,998 new ordinary shares to EEC of RM1.00 each making the total issued and paid capital of PESB to be 50,000.

This internal reorganisation has no material effect on the Group's result for the current financial year.

(d) Change of status of a subsidiary into an associate

On 16 December 2016, PESB has ceased to be a subsidiary of EEC following the completion of the disposal of 70% equity interest comprising 35,000 ordinary shares of RM1 each in the share capital of PESB by EEC. EEC has disposed the said shares to Ir. Mohamad Radzi Bin A Rahman for a sale consideration of RM35,000.

12 Subsequent events

On 5 January 2017, ENRA Oil & Gas Services Sdn. Bhd. ("EOGS"), a wholly owned subsidiary of the Company had entered into a Shareholders Agreement with ICON Oilfield Solutions Sdn Bhd to establish a company to provide low cost solutions to the upstream oil and gas industry within and outside Malaysia.

Subsequently, ENRA ICON Sdn Bhd ("ICON") was established on 25 January 2017 with an authorised share capital of RM4 million comprising 4,000,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. EOGS holds 70% of the shareholdings of ICON.

13 Significant related party transactions

The Group's provision of financial assistance to a subsidiary as of 31 December 2016 are as follows:

	As at 31 / 12 / 2016	As at 31 / 12 / 2015
	RM'000	RM'000
Advances to a subsidiary	11,000	-

The provision of this financial assistance shall be immediately repayable on written demand and at an interest rate charged equivalent to the Company's cost of funds for obtaining, sustaining or making available the amount of the provision of financial assistance, which cost of funds shall be solely determined by the Company.

Save for the above, there were no other significant related party transactions during the current financial period under review.

14 Changes in contingent liabilities or assets

There were no changes to contingent liabilities or contingent assets since the last financial year ended 31 March 2016.

15 Capital commitments

There were no capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 December 2016.

16 Review of performance

For the financial period under review, the Group's business activities were in investment properties, property development and oil and gas services. The Group's property division comprises investment properties in Johor Bahru and Kuala Lumpur, the development projects in Taman Shamelin Perkasa and in Central London. The Group's oil and gas services divisions, entail the trading and supply of specialty chemicals, provision of logistics services and minor fabrication.

For the nine-month period ended 31 December 2016, the Group recorded a higher profit before taxation from continuing operations of RM31.303 million as compared to a profit before taxation of RM12.668 million in the first nine-month preceding financial year, mainly due to improved performance from property development division and oil and gas services division.

For the financial quarter under review, the Group recorded a higher profit before taxation from continuing operations of RM20.881 million as compared to a profit before taxation from continuing operations of RM10.226 million in the comparative financial quarter ended 31 December 2015. This is mainly driven by the increase in contribution from the property development division and oil and gas services division.

17 Material change in profit before taxation

For the financial quarter under review, the Group recorded a higher profit before taxation of RM20.881 million as compared to a profit before taxation of RM6.364 million in the immediate preceding quarter, mainly due to higher contribution in revenue and gross profit from property development. The revenue and profit from property development is dependent on the timing and value of progressive billings. As such, for the financial quarter under review, the contribution of profit before taxation from property development was RM21.739 million as compared to a profit before taxation of RM4.835 million in the immediate preceding quarter.

18 Current year prospects

Barring any unforeseen circumstances, the Group expects both its property development and oil and gas services divisions to contribute positively to the overall Group's operational revenue and earnings.

19 Profit forecast

The Group has not issued any profit forecast in a public document.

20 Profit before tax

	Current Quarter	Cumulative Quarter
	31 / 12 / 2016	31 / 12 / 2016
	RM'000	RM'000
Profit before tax is arrived at after (crediting) / charging		
Interest income	(182)	(476)
Interest expense	1,112	3,029
Other income including investment income	(71)	(93)
Depreciation of property, plant and equipment	302	797
Gain on disposal of a subsidiary	(200)	(200)
Loss on remeasurement	15	15
Rental of:		
- premises	297	797
- equipment	1	5
Realised gain from foreign exchange translations	(201)	(216)
Fair value gain on derivatives	(122)	(122)

Save as disclosed above and in the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income, the other items as required under Appendix 9B, Part A (16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

21 Income tax expense

	Individual Quarter		Cumulative Quarter	
	31 / 12 / 2016	31 / 12 / 2015	31 / 12 / 2016	31 / 12 / 2015
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian income tax :-				
- current period	5,928	2,969	8,770	4,395
Deferred tax	(125)	4	(125)	(27)
	<u>5,803</u>	<u>2,973</u>	<u>8,645</u>	<u>4,368</u>

The Group's effective tax rate for the interim financial period under review is slightly higher than the statutory tax rate as certain expenses are not allowable for tax deductions.

22 Status of corporate proposals announced but not completed

There is no corporate proposal announced but not completed as at the date of this quarterly report.

23 Goodwill

The goodwill arised from the acquisition of 75% of EE FAB on 12 May 2016. Goodwill arising from this business combination has been allocated to engineering and fabrication cash generation unit within the oil and gas division for annual impairment testing.

The annual impairment review will be conducted at the year end by comparing the carrying amount of the cash generating unit's carrying amount and its recoverable amount determined based on value in use calculations using cash flow projections covering five years period.

	As at the date of acquisition RM'000
Share Capital	1,000
Accumulated losses as at 12 May 2016	(2,964)
Net liabilities as at 12 May 2016	<u>(1,964)</u>
% of shares	75%
Purchase consideration satisfied by cash	2,940
Deferred liability on future payments of the acquisition of EE FAB	7,032
Total purchase consideration	<u>9,972</u>
Net liabilities acquired = Net liabilities @ 12 May 2016 x 75%	<u>(1,473)</u>
Goodwill	<u>11,445</u>

24 Borrowings and debts securities

Total borrowings of the Group as at 31 December 2016 were as follows :

	Short Term RM'000	Long Term RM'000
Secured		
Bank overdrafts	20,697	-
Term loans	18,651	21,298
Hire-purchase and lease creditors	205	769
	<u>39,553</u>	<u>22,067</u>
Unsecured		
Other borrowings	2,533	-
	<u>42,086</u>	<u>22,067</u>

25 Material litigation

The Group is not engaged in any material litigation as at the date of issuance of this financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2016

26 Earnings per ordinary share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding any treasury shares held by the Company.

	Quarter Ended		Cumulative Quarter Ended	
	31 / 12 / 2016	31 / 12 / 2015	31 / 12 / 2016	31 / 12 / 2015
Profit attributable to equity holders of the Company (RM'000)				
- continuing operations	10,864	5,062	15,722	5,392
- discontinued operations	-	-	-	1,057
	<u>10,864</u>	<u>5,062</u>	<u>15,722</u>	<u>6,449</u>
Weighted average number of ordinary shares in issue ('000)				
Total number of ordinary shares	136,208	136,208	136,208	136,208
Treasury shares	(1,199)	(1,199)	(1,199)	(1,199)
	<u>135,009</u>	<u>135,009</u>	<u>135,009</u>	<u>135,009</u>
Basic earnings per share (sen) :				
- continuing operations	8.05	3.75	11.65	3.99
- discontinued operations	-	-	-	0.78
	<u>8.05</u>	<u>3.75</u>	<u>11.65</u>	<u>4.78</u>

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 31 December 2016.

27 Analysis of realised and unrealised profits

	As at	As at
	31 / 12 / 2016	31 / 12 / 2015
	RM'000	RM'000
Total retained earnings of the Group		
Realised	102,360	83,975
Unrealised	(479)	3,201
	<u>101,881</u>	<u>87,176</u>
Add:- Consolidation adjustments	(5,633)	1,679
	<u>96,248</u>	<u>88,855</u>

28 Review by external auditors

The interim financial statements have been reviewed by the external auditors in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

29 Authorised for issue

The condensed consolidated financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 23 February 2017.

By Order of the Board
ENRA Group Berhad