

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at 31 / 03 / 2017 RM ' 000	(Audited) As at 31 / 03 / 2016 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	3,716	4,267
Investment properties	-	170,400
Investment in associate	-	-
Deferred tax assets	1,929	-
Goodwill	8,505	-
	<u>14,150</u>	<u>174,667</u>
Current assets		
Property development cost	-	65,363
Inventories	77,231	41,208
Trade and other receivables	81,499	78,167
Derivative assets	73	-
Current tax assets	1,286	654
Cash and cash equivalents	64,065	37,169
Assets held for sale	85,156	-
	<u>309,310</u>	<u>222,561</u>
TOTAL ASSETS	<u>323,460</u>	<u>397,228</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	145,019	136,208
Redeemable convertible preference shares equity	409	-
Reserves	7,317	98,995
Non-controlling interests	<u>18,260</u>	<u>11,026</u>
Total equity	<u>171,005</u>	<u>246,229</u>
Non-current liabilities		
Deferred tax liabilities	101	200
Trade and other payables	4,092	6,104
Borrowings	17,627	35,360
Redeemable convertible preference shares liability	648	-
	<u>22,468</u>	<u>41,664</u>
Current liabilities		
Trade and other payables	79,548	86,374
Borrowings	45,575	20,945
Current tax liabilities	4,857	2,016
Liabilities held for sale	7	-
	<u>129,987</u>	<u>109,335</u>
Total liabilities	<u>152,455</u>	<u>150,999</u>
TOTAL EQUITY AND LIABILITIES	<u>323,460</u>	<u>397,228</u>
Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)	<u>1.13</u>	<u>1.74</u>

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 FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	31 / 03 / 2017	31 / 03 / 2016	31 / 03 / 2017	31 / 03 / 2016
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Continuing operations				
Revenue	17,111	37,959	179,338	122,309
Cost of sales	(10,976)	(23,585)	(124,365)	(86,595)
Gross profit	6,135	14,374	54,973	35,714
Other operating income	477	763	622	1,550
Operating expenses	(7,183)	(4,240)	(26,589)	(14,909)
(Loss)/profit from operations	(571)	10,897	29,006	22,355
Finance cost	(135)	(501)	(470)	(760)
Share of results of associate	-	-	(15)	-
(Loss)/profit before taxation	(706)	10,396	28,521	21,595
Taxation	(344)	(2,511)	(8,989)	(6,764)
(Loss)/profit for the financial period from continuing operations	(1,050)	7,885	19,532	14,831
Discontinued operations				
Loss for the financial period from discontinued operations, net of tax	(86,087)	(2,858)	(84,011)	(448)
(Loss)/profit for the financial period	(87,137)	5,027	(64,479)	14,383
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	472	(448)	12	84
Total comprehensive (loss)/income for the financial period	(86,665)	4,579	(64,467)	14,467
(Loss)/profit attributable to:-				
Equity holders of the Company	(87,803)	2,465	(72,081)	8,913
Non-controlling interests	666	2,562	7,602	5,470
	(87,137)	5,027	(64,479)	14,383
Total comprehensive (loss)/income attributable to:-				
Equity holders of the Company	(87,441)	1,997	(72,073)	8,977
Non-controlling interests	776	2,582	7,606	5,490
	(86,665)	4,579	(64,467)	14,467
Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):				
(a) Basic				
(Loss)/profit from continuing operations	(1.27)	3.94	8.84	6.93
Loss from discontinued operations	(63.76)	(2.12)	(62.23)	(0.33)
	(65.03)	1.82	(53.39)	6.60
(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
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----- Attributable to equity holders of the Company ----->									
	<----- Non-distributable ----->						Distributable			
	Share Capital RM ' 000	Redeemable Convertible Preference Shares RM ' 000	Share Premium RM ' 000	Capital Reserves RM ' 000	Foreign Currency Translation Reserve RM ' 000	Treasury Shares RM ' 000	Retained Earnings RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	Total Equity RM ' 000
Financial year ended 31 March 2017										
As at 01 April 2016	136,208	-	8,536	275	64	(1,199)	91,319	235,203	11,026	246,229
Transfer pursuant to Companies Act 2016 (Note a)	8,811	-	(8,536)	(275)	-	-	-	-	-	-
(Loss)/profit for the financial year	-	-	-	-	-	-	(72,081)	(72,081)	7,602	(64,479)
Other comprehensive income, net of tax	-	-	-	-	8	-	-	8	4	12
Total comprehensive (loss)/income	-	-	-	-	8	-	(72,081)	(72,073)	7,606	(64,467)
Acquisition of a subsidiary company - Non-controlling interest arising from business combinations	-	-	-	-	-	-	-	-	(491)	(491)
Issuance of redeemable convertible preference shares	-	409	-	-	-	-	-	409	-	409
Issue of shares by subsidiaries	-	-	-	-	-	-	-	-	119	119
Dividends to equity holders of the Company	-	-	-	-	-	-	(10,794)	(10,794)	-	(10,794)
Total transactions with owners	-	409	-	-	-	-	(10,794)	(10,385)	(372)	(10,757)
As at 31 March 2017	145,019	409	-	-	72	(1,199)	8,444	152,745	18,260	171,005
Financial year ended 31 March 2016										
As at 01 April 2015	136,208	-	8,536	275	-	(1,199)	79,642	223,462	-	223,462
Profit for the financial year	-	-	-	-	-	-	8,913	8,913	5,470	14,383
Other comprehensive income, net of tax	-	-	-	-	64	-	-	64	20	84
Total comprehensive income	-	-	-	-	64	-	8,913	8,977	5,490	14,467
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 March 2016	136,208	-	8,536	275	64	(1,199)	91,319	235,203	11,026	246,229

Note (a)

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital reserve accounts of RM8,536,000 and RM275,000 respectively, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital reserve accounts within 24 months after the commencement of the New Act.

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.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial year ended	
	31 / 03 / 2017	31 / 03 / 2016
	RM ' 000	RM ' 000
Cash flows from operating activities		
Profit/(loss) before taxation		
- continuing operations	28,521	21,595
- discontinued operations	(84,160)	(85)
Adjustments for non-cash items:		
Bad debts written off	20	1
Impairment losses on trade receivables	-	162
Impairment losses on disposal group	7,846	-
Depreciation of property, plant & equipment	1,108	938
Fair value adjustments on investment properties	79,076	3,700
Fair value gain on derivatives	(73)	-
Gain on disposal of subsidiaries	(286)	(295)
Loss on disposal of property, plant and equipment	-	25
Unrealised loss/(gain) on foreign exchange	410	(176)
Share of results of Associate	15	-
Interest expense	470	760
Interest income	(873)	(735)
Operating profit before changes in working capital	32,074	25,890
Changes in working capital	10,572	(25,578)
Tax paid	(8,027)	(6,566)
Net cash generated from/(used in) operating activities	34,619	(6,254)
Cash flows from investing activities		
Interest received	873	735
Uplift/(placement) of pledged deposits	1,181	(2,930)
Proceeds from disposal of:		
- property, plant and equipment	-	22
- equity interest in a subsidiary	-	8,300
- subsidiaries	-	82,789
Acquisition of :		
- investment properties	-	(15)
- property, plant and equipment	(1,522)	(1,648)
- subsidiaries, net of cash	(2,817)	-
Issuance of shares by subsidiary to non-controlling interests	119	-
Issuance of redeemable convertible preference shares	1,057	-
Advance from a related party	-	4,914
Net cash (used in)/generated from investing activities	(1,109)	92,167
Cash flows from financing activities		
Interest paid	(470)	(760)
Dividend paid	(10,794)	-
Net repayment of borrowings	(7,981)	(35,732)
Net cash used in from financing activities	(19,245)	(36,492)
Net increase in cash and cash equivalents	14,265	49,421
Cash and cash equivalents at beginning of financial year	25,644	(22,918)
Effect of foreign currency exchange rate changes	(230)	(859)
Cash and cash equivalents at end of financial year	39,679	25,644
Cash and cash equivalents comprise:-		
Cash and bank balances	64,065	37,169
Less: Bank overdrafts	(20,656)	(6,614)
Fixed deposits pledged to licensed banks	(3,730)	(4,911)
	39,679	25,644

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 financial 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
Amendments to FRSs <i>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
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendment to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	Paragraphs 46, 47AA and 48
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G, and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

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 are within the scope of MFRS 141 Agriculture and IC interpretation 15 Agreements for Construction of Real Estate, including its parents, significant investors and venturers ('hereafter called Transitioning Entities'). Transitioning Entities are allowed to defer adoption of the new MFRS Framework until they are mandatory for them for annual periods 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 was 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 year under review.

5 Unusual items due to their nature, size and incidence

There were no items during the interim financial year under review affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence except for the fair value adjustments from the classification of investment properties as held for sale and impairment loss on disposal group in Note 22.

6 Changes in estimates

There were no changes in estimates which have a material effect on the results of the current financial year 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 year under review except for the issuance of Redeemable Convertible Preference Shares Series A ("RCPS-A") by ENRA Labuan Sdn Bhd ("ELSB") as disclosed in Note 12 (b).

8 Dividends paid

On 17 August 2016, the Company paid the first interim single-tier dividend of 3 sen per ordinary share and special interim single-tier dividend of 5 sen per ordinary share 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 in respect of the current financial year.

9 Segmental reporting

Financial year ended 31 March 2017

	Property Development RM'000	Oil & Gas Services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Result from continuing operations				
Revenue				
- External	120,178	59,160	-	179,338
Total revenue	<u>120,178</u>	<u>59,160</u>	<u>-</u>	<u>179,338</u>
Results				
Operating profit/(loss)	32,067	6,625	(10,574)	28,118
Interest income				873
Finance cost				(470)
Tax expense				(8,989)
Profit for the financial year from continuing operations				<u>19,532</u>
Results from discontinued operations				
Loss for the financial year from discontinued operations, net of tax				(84,011)
Loss for the financial year				<u>(64,479)</u>

The results from discontinued operations above relates to investment properties business in respect of Holiday Plaza and Shamelin Business Centre that has been classified as non-current assets held for sale.

Financial year ended 31 March 2016

	Property Development RM'000	Oil & Gas Services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Result from continuing operations				
Revenue				
- External	108,308	13,946	55	122,309
Total revenue	<u>108,308</u>	<u>13,946</u>	<u>55</u>	<u>122,309</u>
Results				
Operating profit/(loss)	25,851	2,533	(6,764)	21,620
Interest income				735
Finance cost				(760)
Tax expense				(6,764)
Profit for the financial period from continuing operations				<u>14,831</u>
Results from discontinued operations				
Loss for the financial year from discontinued operations, net of tax				(448)
Profit for the financial year				<u>14,383</u>

The results from discontinued operations above relates to the following:

- (i) **Disposal Group 1**
Investment properties business in respect of Holiday Plaza and Shamelin Business Centre that has been classified as non-current assets held for sale on 30 March 2017.
- (ii) **Disposal Group 2**
Advantage Equity Sdn. Bhd. ("AESB"), Balance Focus Sdn. Bhd. ("BFSB") and Grand Sentosa Hotel Management Services Sdn. Bhd. ("GSHMSSB") which have been disposed on 1 July 2015.

10 Carrying amount of revalued assets

A detailed valuation exercise was carried out by independent professional valuer on the Group's investment properties during this financial quarter. The professional valuer has adopted the Investment method and Comparison method, considering key factors such as net yields, gross rental rates of similar office space within Johor Bahru, average property expenses, average void for the last 10 years, recent evidence of values of comparable properties with adjustments to its values per square foot before arriving at the fair value as at 1 March 2017.

It was noted the following factors mainly attributed to the changes in the fair value of investment properties:

- (i) low rental yield from the investment properties with limited growth in view of increasing supply and competition of new retail and office spaces within the nearby vicinity. Future growth is dependent on extensive refurbishment and further investment as Holiday Plaza is in a state of disrepair; and
- (ii) lacklustre and negative responses, while exploring option for sale, that the Group does not own the entire Holiday Plaza.

The Directors have therefore adopted the fair value of investment properties as RM94,000,000 based on the valuation reports, and have recorded fair value adjustments on investment properties of RM79,076,000 in the consolidated statement of profit or loss and other comprehensive income.

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 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 RM7.032 million inclusive of deferred payment that are subject to the attainment of profit guarantee by the seller.

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").

The acquisition of EEFAB had the following effect on the Group's financial results for the current financial year:

- (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	(123)
Cash outflow from acquisition of subsidiary	2,817

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

	Date of acquisition to 31 / 03 / 2017 RM'000
Revenue	19,399
Loss before tax	(294)
Loss for the financial year	(294)

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2017

- (iii) Had the acquisition been effected on 1 April 2016, the financial results contributed by EEFAB for current financial year would have been as follows:

	1 / 04 / 2016 to 31 / 03 / 2017 RM'000
Revenue	19,875
Loss before tax	(583)
Loss for the financial year	<u>(593)</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
Assets	
Non-current assets	
Property, plant and equipment	64
Intangible assets	1
	<u>65</u>
Current assets	
Trade and other receivables	5,478
Cash and cash equivalents	123
	<u>5,601</u>
Total assets	<u>5,666</u>
Non-current liabilities	
Deferred tax liabilities	(1)
Borrowings	(188)
	<u>(189)</u>
Current liabilities	
Trade and other payables	(7,441)
Total liabilities	<u>(7,630)</u>
Fair value of total net liabilities	(1,964)
Non-controlling interests	491
Group's share of net liabilities	(1,473)
Add: Goodwill on consolidation	8,505
Total purchase consideration	<u>7,032</u>
Purchase consideration satisfied by cash	2,940
Deferred payments of the acquisition of EEFAB	4,092
Total purchase consideration	<u>7,032</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, ENRA Oil & Gas Services Sdn. Bhd. ("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 incorporated a SPV named ENRA NauticAWT Sdn. Bhd. ("ENAWT") with a 100,000 ordinary share capital and on 18 July 2016, EOGS and AWTIDSB owns 51% and 49% stakes respectively in ENAWT.

- (ii) On 29 August 2016, 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 to leverage on the potential growth in niche oil and gas related activities.

Accordingly, on 7 November 2016, EOGS and SPM has established ENRA SPM Sdn. Bhd. ("ESPM") via the subscription of 100,000 ordinary shares to be held in the proportion of 60% and 40% respectively.

- (iii) On 5 January 2017, EOGS 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 and an issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares. EOGS holds 70% of the shareholdings of ICON.

(c) Internal reorganisation of Group structure

On 1 December 2016, as part of an internal reorganisation of the ENRA Group Berhad ("EGB")'s Group structure, EGB has acquired 2 ordinary shares 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 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. PESB further increased its ordinary share capital to 50,000 ordinary shares on 2 December 2016.

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 following the disposal of 70% equity interests comprising 35,000 ordinary shares of PESB by EEC to Ir. Mohamad Radzi Bin A Rahman for a sale consideration of RM35,000. The disposal gave rise to RM0.286 million gain on disposal of subsidiary.

12 Significant events during the year

(a) Acquisition of land in Wilayah Persekutuan Labuan

On 8 March 2017, ENRA Labuan Sdn Bhd (ELSB), a subsidiary of the Company, had entered into a conditional Sale and Purchase Agreement ("SPA") with Perbadanan Labuan ("Vendor") in respect of the proposed purchase of leasehold land (yet to be reclaimed from the shore lines) measuring approximately 24.2811 hectares (approximately 60 acres or 242,811 square metres) ("Parcel 1") with a call option to purchase additional leasehold land (yet to be reclaimed from the shore lines) measuring approximately 56.6589 hectares (approximately 140 acres or 566,589 square metres) ("Parcel 2"), held under title particulars Pajakan Negeri No. Hakmilik 11169, Lot 30648, Daerah Wilayah Persekutuan Labuan, Negeri Wilayah Persekutuan Labuan measuring approximately 80.94 hectares (approximately 200 acres or 809,400 square metres) located at the waterfront industrial zone of Kampung Ranche-Ranche, Wilayah Persekutuan Labuan ("Land").

The purchase price for Parcel 1 is RM7,570,218 (Parcel 1 Acquisition) satisfied in cash in the following manner:

- (i) RM252,340.60 has been paid prior to the execution of the SPA;
- (ii) RM227,106.54 equal to 3% of the purchase price shall be paid to the Vendor's solicitors as stakeholder upon execution of the SPA as retention sum to deal with in accordance with the provisions of the SPA and the Real Property Gains Tax Act 1976;
- (iii) RM277,574.66 shall be paid to the Vendor's solicitors as stakeholders upon execution of the SPA to deal with in accordance with the provisions of the SPA; and
- (iv) RM6,813,196.20 equal to 90% of the purchase price shall be paid to the Vendor's solicitors as stakeholders within 4 months from the date all conditions precedent have been fulfilled or waived, as the case may be, to deal with in accordance with the provisions of the SPA.

The SPA is conditional upon the following conditions precedent being fulfilled within 9 months after the date of the SPA i.e. by 8 December 2017 or such later date as may be mutually agreed by the parties:

- (i) The approval of the Land Registry for the sub-division of the Land and the separate issue documents of water title to Parcel 1 and Parcel 2 having been obtained and received respectively by the Vendor;
- (ii) Any consents and/or approvals required from any appropriate authority for the sale and/or transfer of Parcel 1 to ELSB including the approval from the Jawatankuasa Kerja Tanah Wilayah Persekutuan Labuan for the said transfer having been obtained by the Vendor;
- (iii) The Vendor having complied with all conditions imposed by any appropriate authority in granting any consents and/or approvals for the sale and/or transfer of Parcel 1 to ELSB;
- (iv) Completion of all due diligences as required by ELSB including but not limited to financial, legal, tax, environmental, technical and business and land due diligences and ENRA Labuan being satisfied with the results of such due diligences; and
- (v) The approval if any, and as required from the shareholder of ELSB for the purchase of Parcel 1 having been obtained.

The irrevocable call option for Parcel 2 given to ELSB is exercisable at any time over a period of 36 months (with an automatic extension of 24 months subject to 6 months prior written notice being given) commencing from the completion of ELSB's acquisition of Parcel 1 pursuant to the SPA. The purchase price for Parcel 2 shall be the market value of Parcel 2 at the time the call option is exercised by ENRA Labuan (as determined by Jabatan Penilaian dan Perkhidmatan Harta, Wilayah Persekutuan Labuan) plus a premium of 20% of such market value.

(b) Issuance or repayment of debt and equity securities by the Group

There is no issuance or repayment of debt and equity securities by the Group in the current financial year save for the following:

The redeemable convertible preference share in ELSB

On 2 March 2017, ELSB had entered into a Subscription Agreement ("Subscription Agreement") with a third party subscriber for the issuance and subscription of 800,000 Redeemable Convertible Preference Shares Series A ("RCPS-A") at the subscription price of RM10.12 per RCPS-A totalling RM8,096,000. Under this Subscription Agreement, ELSB had issued the first tranche of 104,450 RCPS for the total subscription amount of RM1,057,034. The balance of 695,550 RCPS-A will be issued as the second tranche for the total subscription amount of RM7,038,966 pursuant to and in accordance with the Subscription Agreement. ELSB shall utilise the said subscription amount solely for the purpose of or in relation to their acquisition of land (that is to be reclaimed) in Labuan.

On 2 March 2017, besides the Subscription Agreement, ELSB had also entered into a Shareholders' Agreement with the third party subscriber of the RCPS-A and the Company, being its shareholder to regulate the management of the ELSB, the relationships of each other and certain aspects of the affairs of, and their dealings with ELSB.

The Shareholders' Agreement and the Subscription Agreement provide for some protective rights to the third party subscriber of the RCPS-A but are not tantamount to substantive rights to effectively control or jointly control ELSB until the conversion of the RCPS-A give them such control.

The salient features of the RCPS-A are as follows:

- (i) The RCPS-A has a tenure of 6 years from the issue date and matures on the business day immediately preceding the 6th anniversary of the said issue date;
- (ii) The RCPS-A is convertible at any time at the option of the holder in accordance with the terms of the Subscription Agreement. One new ordinary share will be issued as fully paid upon the conversion of one RCPS-A. All outstanding RCPS-A shall be automatically converted upon maturity of the RCPS;
- (iii) ELSB shall in accordance with the provisions of the Companies Act 2016 and the terms of the Subscription Agreement redeem all or any of the RCPS-A;
- (iv) The RCPS-A carries the right to receive non-cumulative dividends at the same rate as the ordinary shares of ELSB. The RCPS-A ranks in priority to the ordinary shares in respect of the right to receive the dividend;
- (v) The RCPS-A ranks pari passu inter se in respect of entitlements to dividends, rights, allotment or other distributions should the entitlement date for such dividends, rights, allotments or other distributions be declared after the RCPS-A are issued;
- (vi) The RCPS-A is not to be listed but is transferrable in accordance with the terms of the Shareholders' Agreement.

The Group applies split accounting in accordance with FRS 132 *Financial Instruments Disclosure and Presentation* to record the Tranche 1 of RM1,057,034 as at 31 March 2017. The bifurcation of the liability component from the equity component gave rise to RCPS liability of RM647,904 and RCPS equity of RM409,130.

13 Assets classified as held for sale during the year

On 30 March 2017, the Board had approved in principle the management's committed plan to actively seek for potential buyers for its low earnings yield investment properties and investment assets in Johor Bahru and Kuala Lumpur. Accordingly, the management had classified the following assets as held for sale in accordance with the requirements of FRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

Immediately before the initial classification of the assets as held for sale, the carrying amounts of the assets must be measured in accordance with applicable FRSS. The Group's investment properties are measured using the fair value model whereby the assets' value are adjusted based on the latest fair value (fair value adjustments) with no depreciation and impairment losses to be recognised in accordance with FRS 140: Investment Properties.

The breakdown of the assets held for sale and liabilities held for sale as at 31 March 2017 is as follows:

	Group	Company
	RM'000	RM'000
Assets held for sale		
Property, plant and equipment	920	920
Investment properties	84,236	84,095
Investment in subsidiaries	-	-
Amount due from subsidiaries	-	561
	<u>85,156</u>	<u>85,576</u>
Liabilities held for sale		
Other creditors	7	-
	<u>85,149</u>	<u>85,576</u>

The Group has recorded impairment losses on disposal group of RM7.846 million as a result of writing down the investment properties and investment assets to fair value less costs to sell, based on a "willing-buyer willing seller" basis.

14 Subsequent event after year end

Disposal of investment properties and investment assets

On 15 May 2017, the Company has entered into 6 agreements to dispose of the Group's investment properties and investment assets, namely:

- (a) A conditional sale and purchase agreement between the Company and Atar Irama Sdn Bhd ("Atar Irama") for the proposed disposal of 40 Retail units and 16 office units located in Holiday Plaza ("HP"), in Johor Bahru for a cash consideration of RM51,855,000 ("Proposed Disposal of Retail and Office Units at HP")("SPA 1");
- (b) A conditional sale and purchase agreement between the Company and Solid Hope Sdn Bhd ("Solid Hope") for the proposed disposal of a basement car park located in Holiday Plaza, in Johor Bahru for a cash consideration of RM28,000,000 ("Proposed Disposal of Car Park")("SPA 2");
- (c) A conditional sale and purchase agreement between the Company and Simfoni Cindai Sdn Bhd ("Simfoni Cindai") for the proposed disposal of 6 office units located at Shamelin Business Centre ("SBC"), in Kuala Lumpur for a cash consideration of RM5,160,000 ("Proposed Disposal of Shamelin Office Units")("SPA 3"); and
- (d) Three conditional share sale agreements between the Company and Atar Irama for the respective proposed disposal of the entire equity interests in the following wholly owned subsidiaries of the Company ("Proposed Disposal of Subsidiaries"):
 - (i) Nautical Gold Sdn Bhd ("NGSB") for a cash consideration of RM38,509 ("Proposed Disposal of NGSB")("SSA 1")
 - (ii) Evergreen Sprint Sdn Bhd ("ESSB") for a cash consideration of RM45,570 ("Proposed Disposal of ESSB")("SSA 2")
 - (iii) Essential Vista Sdn Bhd ("EVS") for a cash consideration of RM49,842 ("Proposed Disposal of EVS") ("SSA 3")

(The Proposed Disposal of Retail and Office Units, Proposed Disposal of Car Park, Proposed Disposal of Shamelin Office Units and Proposed Disposal of Subsidiaries are collectively referred to as "Proposed Disposal").

The breakdown of the Total Disposal Consideration from the 6 agreements are set out below:

Agreements	Proposed Disposal	Subtotal	Total
		RM	RM
SPA 1	Proposed Disposal of Retail and Office Units	51,855,000	
SPA 2	Proposed Disposal of Car Park	28,000,000	
SPA 3	Proposed Disposal of SBC	5,160,000	85,015,000
SSA 1	Proposed Disposal of NGSB	38,509	
SSA 2	Proposed Disposal of ESSB	45,570	
SSA 3	Proposed Disposal of EVS	49,842	133,921
			<u>85,148,921</u>

The Board is of the opinion that the historical net rental income and rental yields of the HP Properties including 3 retail units held by the subsidiaries and SBC are low and the Proposed Disposal provides an avenue for the Group to realise substantial cash proceeds which is intended to be utilised in the following order:

- (i) Repayment of bank borrowings associated with the HP properties and SBC of RM36.96 million
- (ii) Defrayment of expenses relating to the Proposed Disposal including professional fees, payments to authorities and other incidental expenses of about RM1.50 million
- (iii) Investment in new businesses, projects and acquisitions of around RM38.69 million
- (iv) RM8.00 million fund for working capital including for rental, payroll costs, finance costs and other administrative cost.

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The Proposed Disposal is inter-conditional upon the fulfilment of the conditions precedent obtained within 4 months after the date of the 6 agreements, or such other extended date as the parties may mutually agree upon in writing, including the approvals (or consents, or waivers) required from:

- (i) The shareholders of the Company at an extraordinary general meeting to be convened in relation to the Proposed Disposal;
- (ii) The state authority for the transfer of Shamelin Office units to Simfoni Cindai in respect of the restriction in interest of the strata title;
- (iii) The financiers/creditors of the subsidiaries for the sale and transfer of the shares of the subsidiaries, where required; and
- (iv) Any other authorities or parties as may be required by law or regulation of the proposed disposal.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed latest by 30 September 2017.

15 Significant related party transactions

The Group's provision of financial assistance to a subsidiary as of 31 March 2017 are as follows:

	As at 31 / 03 / 2017	As at 31 / 03 / 2016
	RM'000	RM'000
Advances to a subsidiary	9,750	-

The provision of this financial assistance shall be immediately repayable on written demand and at an interest rate charged equivalent to EGB'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 EGB.

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

16 Changes in material contingent liabilities or assets

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

17 Capital commitments

The capital commitments as at the end of the financial year ended 31 March 2017 is as follows:

	As at 31 / 03 / 2017	As at 31 / 03 / 2016
	RM'000	RM'000
Authorised and contracted for		
- Purchase of land	6,813	-
- Property held for sale under development	2,048	6,276

18 Review of performance

For the financial year under review, the Group's business activities from continuing operations were in property development, oil and gas services and investment holdings. The Group's property development division comprises of the development of joint-venture property project in Taman Shamelin Perkasa and the redevelopment of a property in Central London. The Group's oil and gas services division, entails the trading and supply of specialty chemicals, provision of logistics services and minor fabrication works. The Group's investment holdings comprise of holding of investment in shares of subsidiaries and associate as well as management services and provision of financial services for companies within the Group.

Quarter	(Loss)/profit before taxation (continuing operations)			
	Property Development	Oil & Gas Services	Investment Holdings	Consolidated
	RM'000	RM'000	RM'000	RM'000
FY2017:				
Quarter 1	3,138	2,317	(2,150)	3,305
Quarter 2	4,835	2,849	(2,066)	5,618
Quarter 3	21,739	989	(2,424)	20,304
Quarter 4	3,586	(428)	(3,864)	(706)
	33,298	5,727	(10,504)	28,521
FY2016:				
Quarter 1	3,451	-	(1,101)	2,350
Quarter 2	1,579	29	(1,462)	146
Quarter 3	10,524	264	(2,085)	8,703
Quarter 4	10,184	2,046	(1,834)	10,396
	25,738	2,339	(6,482)	21,595

For the financial year ended 31 March 2017, the Group recorded a higher profit before taxation from continuing operations of RM28.521 million as compared to RM21.595 million in last financial year, mainly due to improved performance from property development division and oil and gas division.

For the financial quarter under review, the Group recorded a loss before taxation from continuing operations of RM0.706 million as compared to a profit before taxation from continuing operations of RM10.396 million in the comparative financial quarter ended 31 March 2016. This is mainly driven by the lower contribution from the property development division as the Shamelin project was already completed and lesser inventory units was sold during the quarter due partly to competition from the sub-sale market.

19 Material change in (loss)/profit before taxation for continuing operations

For the financial quarter under review, the Group recorded a loss before taxation of RM0.706 million as compared to a profit before taxation of RM20.304 million in the immediate preceding quarter, mainly due to lower contribution in revenue and gross profit from property development, loss in oil and gas services division and a bigger loss in investment holdings business.

20 Future prospects

(a) General

The Group will continuously review its operating portfolio and will streamline it from time to time to maximise earnings moving forward. The Board and management are also actively looking for businesses and projects with higher long term earnings growth that will create value for the shareholders.

(b) Property development

We are constantly assessing property development opportunities both in Malaysia and abroad, following the successful completion of Shamelin Star in Taman Shamelin, Cheras and near completion of Portland Chambers on 93 Great Titchfield Street, in London.

(c) Oil & gas services

Despite the challenging operating conditions, the oil & gas industry is still a key sector in the Malaysian economy. We have identified opportunities within the services sector and therefore inked partnership agreements with several international specialists to expand our portfolio and pursue these opportunities. In an increasingly cost-conscious environment, the Group is able to offer competitive cost-saving solutions to oilfield operators in and outside of Malaysia through propriety technologies it shares with its partners. We expect our downstream services to continue showing positive growth.

21 Profit forecast

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

22 Profit for the financial period

	Current Quarter	Cumulative Quarter
	31 / 03 / 2017	31 / 03 / 2017
	RM'000	RM'000
Profit for the financial period is arrived at after (crediting) / charging		
Interest income	(436)	(873)
Interest expense	135	470
Other income including investment income	(42)	(130)
Depreciation of property, plant and equipment	60	857
Bad debts written off	20	20
Gain on disposal of a subsidiary	-	(286)
Rental of:		
- premises	350	1,147
- equipment	8	13
Unrealised loss on foreign exchange	410	410
Realised loss from foreign exchange	545	329
Fair value loss/(gain) on derivatives	49	(73)
Fair value adjustments on investment properties	79,076	79,076
Impairment losses on disposal group	7,846	7,846

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.

23 Income tax expense

	Individual Quarter		Cumulative Quarter	
	31 / 03 / 2017	31 / 03 / 2016	31 / 03 / 2017	31 / 03 / 2016
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian income tax :-				
- current financial year	2,109	2,544	10,880	6,794
- under/(over) provision for prior year	27	(100)	27	(100)
Deferred tax	(1,792)	67	(1,918)	70
	<u>344</u>	<u>2,511</u>	<u>8,989</u>	<u>6,764</u>

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

24 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 except for:

- (i) Acquisition of land in Wilayah Persekutuan Labuan (Note 12 (a))
Pending the fulfillment of the conditions precedent within 9 months after the date of the SPA i.e. by 8 December 2017
- (ii) Proposed disposal of the Group's investment properties and Company's investment in subsidiaries (Note 14)
Pending the fulfillment of the conditions precedent which the proposed disposal is expected to be completed latest by 30 September 2017

25 Goodwill

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

The annual impairment review conducted at the year end is performed by comparing the carrying amount of the unit's carrying amount and its recoverable amount determined based on value in use calculations using cash flow projections covering five years period. There is no impairment loss to be recognised in the current financial year.

26 Borrowings and debts securities

Total borrowings of the Group as at 31 March 2017 were as follows :

	Short Term	Long Term
	RM'000	RM'000
Secured		
Bank overdrafts	20,656	-
Term loans	19,463	16,709
Hire-purchase and lease creditors	233	918
	<u>40,352</u>	<u>17,627</u>
Unsecured		
Other borrowings	5,223	-
	<u>45,575</u>	<u>17,627</u>

27 Derivatives

The Group entered into forward currency contracts to manage its foreign currency exchange risk.

Details of the Group's derivatives financial instruments outstanding as at 31 March 2017 are as follows:

	Nominal value	Fair value
	GBP'000	gain
		RM'000
Forward currency selling contracts less than 1 year		
As at 31 March 2017	<u>2,000</u>	<u>73</u>
As at 31 March 2016	<u>-</u>	<u>-</u>

28 Material litigation

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

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29 Earnings per ordinary share

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

	Quarter Ended		Cumulative Quarter Ended	
	31 / 03 / 2017	31 / 03 / 2016	31 / 03 / 2017	31 / 03 / 2016
(Loss)/profit attributable to equity holders of the Company (RM'000)				
- continuing operations	(1,716)	5,323	11,930	9,361
- discontinued operations	(86,087)	(2,858)	(84,011)	(448)
	<u>(87,803)</u>	<u>2,465</u>	<u>(72,081)</u>	<u>8,913</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	(1.27)	3.94	8.84	6.93
- discontinued operations	(63.76)	(2.12)	(62.23)	(0.33)
	<u>(65.03)</u>	<u>1.82</u>	<u>(53.39)</u>	<u>6.60</u>

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 31 March 2017.

30 Analysis of realised and unrealised profits

	As at	As at
	31 / 03 / 2017	31 / 03 / 2016
	RM'000	RM'000
Total retained earnings of the Group		
Realised	91,992	92,406
Unrealised	(77,864)	(303)
	<u>14,128</u>	<u>92,103</u>
Add:- Consolidation adjustments	(5,684)	(784)
	<u>8,444</u>	<u>91,319</u>

31 Authorised for issue

The condensed consolidated financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 25 May 2017.

By Order of the Board
ENRA Group Berhad