

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | (Unaudited) As at 30 / 06 / 2017 RM ' 000 | (Audited) As at 31 / 03 / 2017 RM ' 000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 3,412 | 3,716 |
| Investment in associate | - | - |
| Deferred tax assets | 1,929 | 1,929 |
| Goodwill | 8,505 | 8,505 |
| | <u>13,846</u> | <u>14,150</u> |
| Current assets | | |
| Inventories | 78,678 | 77,231 |
| Trade and other receivables | 83,674 | 81,499 |
| Derivative assets | - | 73 |
| Current tax assets | 1,569 | 1,286 |
| Cash and cash equivalents | 64,105 | 64,065 |
| Assets held for sale | 85,156 | 85,156 |
| | <u>313,182</u> | <u>309,310</u> |
| TOTAL ASSETS | <u>327,028</u> | <u>323,460</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 144,744 | 144,744 |
| Redeemable convertible preference shares equity | 409 | 409 |
| Reserves | 9,234 | 7,592 |
| Non-controlling interests | <u>17,966</u> | <u>18,260</u> |
| Total equity | <u>172,353</u> | <u>171,005</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 101 | 101 |
| Trade and other payables | 1,313 | 1,313 |
| Borrowings | 12,768 | 17,627 |
| Redeemable convertible preference shares liability | 662 | 648 |
| | <u>14,844</u> | <u>19,689</u> |
| Current liabilities | | |
| Trade and other payables | 84,876 | 82,327 |
| Derivative liabilities | 18 | - |
| Borrowings | 49,198 | 45,575 |
| Current tax liabilities | 5,732 | 4,857 |
| Liabilities held for sale | 7 | 7 |
| | <u>139,831</u> | <u>132,766</u> |
| Total liabilities | <u>154,675</u> | <u>152,455</u> |
| TOTAL EQUITY AND LIABILITIES | <u>327,028</u> | <u>323,460</u> |
| Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM) | <u>1.14</u> | <u>1.13</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 2017 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 / 06 / 2017 | 30 / 06 / 2016 | 30 / 06 / 2017 | 30 / 06 / 2016 |
| | RM ' 000 | RM ' 000 | RM ' 000 | RM ' 000 |
| Continuing operations | | | | |
| Revenue | 23,946 | 39,674 | 23,946 | 39,674 |
| Cost of sales | (16,472) | (29,230) | (16,472) | (29,230) |
| Gross profit | 7,474 | 10,444 | 7,474 | 10,444 |
| Other operating income | 764 | 79 | 764 | 79 |
| Operating expenses | (6,532) | (6,867) | (6,532) | (6,867) |
| Profit from operations | 1,706 | 3,656 | 1,706 | 3,656 |
| Finance cost | (112) | (116) | (112) | (116) |
| Share of results of an associate | - | - | - | - |
| Profit before taxation | 1,594 | 3,540 | 1,594 | 3,540 |
| Taxation | (869) | (1,076) | (869) | (1,076) |
| Profit for the financial period from continuing operations | 725 | 2,464 | 725 | 2,464 |
| Discontinued operations | | | | |
| Profit for the financial period from discontinued operations, net of tax | 634 | 753 | 634 | 753 |
| Profit for the financial period | 1,359 | 3,217 | 1,359 | 3,217 |
| Other comprehensive loss, net of tax | | | | |
| Foreign currency translation differences for foreign operations | (11) | (949) | (11) | (949) |
| Total comprehensive income for the financial period | 1,348 | 2,268 | 1,348 | 2,268 |
| Profit/(loss) attributable to:- | | | | |
| Equity holders of the Company | 1,652 | 2,062 | 1,652 | 2,062 |
| Non-controlling interests | (293) | 1,155 | (293) | 1,155 |
| | 1,359 | 3,217 | 1,359 | 3,217 |
| Total comprehensive income/(loss) attributable to:- | | | | |
| Equity holders of the Company | 1,642 | 1,353 | 1,642 | 1,353 |
| Non-controlling interests | (294) | 915 | (294) | 915 |
| | 1,348 | 2,268 | 1,348 | 2,268 |
| Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen): | | | | |
| (a) Basic | | | | |
| Profit from continuing operations | 0.75 | 0.97 | 0.75 | 0.97 |
| Profit from discontinued operations | 0.47 | 0.56 | 0.47 | 0.56 |
| | 1.22 | 1.53 | 1.22 | 1.53 |
| (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 2017 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 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 period ended 30 June 2017 | | | | | | | | | | |
| As at 1 April 2017 | 144,744 | 409 | - | 275 | 72 | (1,199) | 8,444 | 152,745 | 18,260 | 171,005 |
| Profit/(loss) for the financial period | - | - | - | - | - | - | 1,652 | 1,652 | (293) | 1,359 |
| Other comprehensive loss, net of tax | - | - | - | - | (10) | - | - | (10) | (1) | (11) |
| Total comprehensive (loss)/income | - | - | - | - | (10) | - | 1,652 | 1,642 | (294) | 1,348 |
| As at 30 June 2017 | 144,744 | 409 | - | 275 | 62 | (1,199) | 10,096 | 154,387 | 17,966 | 172,353 |
| Financial period ended 30 June 2016 | | | | | | | | | | |
| As at 1 April 2016 | 136,208 | - | 8,536 | 275 | 64 | (1,199) | 91,319 | 235,203 | 11,026 | 246,229 |
| Profit for the financial period | - | - | - | - | - | - | 2,062 | 2,062 | 1,155 | 3,217 |
| Other comprehensive loss, net of tax | - | - | - | - | (709) | - | - | (709) | (240) | (949) |
| Total comprehensive (loss)/income | - | - | - | - | (709) | - | 2,062 | 1,353 | 915 | 2,268 |
| Acquisition of a subsidiary company - Non-controlling interest arising from business combinations | - | - | - | - | - | - | - | - | (524) | (524) |
| Total transactions with owners | - | - | - | - | - | - | - | - | (524) | (524) |
| As at 30 June 2016 | 136,208 | - | 8,536 | 275 | (645) | (1,199) | 93,381 | 236,556 | 11,417 | 247,973 |

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 2017 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Financial period ended | |
|--|------------------------|----------------|
| | 30 / 06 / 2017 | 30 / 06 / 2016 |
| | RM ' 000 | RM ' 000 |
| Cash flows from operating activities | | |
| Profit before taxation | | |
| - continuing operations | 1,594 | 3,540 |
| - discontinued operations | 778 | 787 |
| Adjustments for non-cash items: | | |
| Depreciation of property, plant & equipment | 248 | 211 |
| Fair value loss on derivatives | 91 | - |
| Gain on disposal of property, plant and equipment | (1) | - |
| Unrealised gain on foreign exchange | (368) | (949) |
| Share of results of an associate | - | - |
| Redeemable convertible preference shares liability | 14 | - |
| Interest expense | 792 | 683 |
| Interest income | (412) | (117) |
| Operating profit before changes in working capital | 2,736 | 4,155 |
| Changes in working capital | (702) | 10,049 |
| Tax paid | (421) | (1,076) |
| Net cash generated from operating activities | 1,613 | 13,128 |
| Cash flows from investing activities | | |
| Interest received | 412 | 117 |
| Placement of pledged deposits | (741) | (3,064) |
| Proceeds from disposal of property, plant and equipment | 57 | - |
| Acquisition of : | | |
| - property, plant and equipment | - | (335) |
| - subsidiaries, net of cash | - | (2,817) |
| Net cash used in investing activities | (272) | (6,099) |
| Cash flows from financing activities | | |
| Interest paid | (792) | (683) |
| Net drawdown/(repayment) of borrowings | 772 | (5,498) |
| Net cash used in financing activities | (20) | (6,181) |
| Net increase in cash and cash equivalents | 1,321 | 848 |
| Cash and cash equivalents at beginning of financial year | 39,678 | 25,644 |
| Effect of foreign currency exchange rate changes | (13) | (552) |
| Cash and cash equivalents at end of financial year | 40,986 | 25,940 |
| Cash and cash equivalents comprise:- | | |
| Cash and bank balances | 64,105 | 41,400 |
| Less: Bank overdrafts | (18,647) | (7,301) |
| Fixed deposits pledged to licensed banks | (4,472) | (8,159) |
| | 40,986 | 25,940 |

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 2017 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 2017.

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 2017, 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 2017:

| Title: | Effective Date |
|---|-----------------------|
| Amendments to FRS 107 <i>Disclosure Initiative</i> | 1 January 2017 |
| Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> | 1 January 2017 |
| Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i> | 1 January 2017 |

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 |
|---|---|
| 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 2017 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 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.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

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.

8 Dividends paid

There were no dividends declared in respect of the current financial year.

9 Segmental reporting

Financial period ended 30 June 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 | 777 | 23,169 | - | 23,946 |
| Total revenue | <u>777</u> | <u>23,169</u> | <u>-</u> | <u>23,946</u> |
| Results | | | | |
| Operating profit/(loss) | 335 | 3,432 | (2,461) | 1,306 |
| Interest income | | | | 400 |
| Finance cost | | | | (112) |
| Tax expense | | | | (869) |
| Profit for the financial period from continuing operations | | | | <u>725</u> |
| Results from discontinued operations | | | | |
| Profit for the financial period from discontinued operations, net of tax | | | | 634 |
| Profit for the financial period | | | | <u><u>1,359</u></u> |

Financial period ended 30 June 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 | 23,436 | 16,238 | - | 39,674 |
| Total revenue | <u>23,436</u> | <u>16,238</u> | <u>-</u> | <u>39,674</u> |
| Results | | | | |
| Operating profit/(loss) | 3,314 | 2,418 | (2,180) | 3,552 |
| Interest income | | | | 104 |
| Finance cost | | | | (116) |
| Tax expense | | | | (1,076) |
| Profit for the financial period from continuing operations | | | | <u>2,464</u> |
| Results from discontinued operations | | | | |
| Profit for the financial period from discontinued operations, net of tax | | | | 753 |
| Profit for the financial period | | | | <u><u>3,217</u></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.

10 Changes in the composition of the Group

There were no changes in the composition of the Group since the last financial year ended 31 March 2017.

11 Significant events during the year

- (a) On 15 May 2017, the Company had entered into 6 agreements to dispose of the Group's investment properties and investment assets, namely:
- (i) 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");
 - (ii) 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");
 - (iii) 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
 - (iv) 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"):
 - (a) Nautical Gold Sdn Bhd ("NGSB") for a cash consideration of RM38,509 ("Proposed Disposal of NGSB")("SSA 1")
 - (b) Evergreen Sprint Sdn Bhd ("ESSB") for a cash consideration of RM45,570 ("Proposed Disposal of ESSB")("SSA 2")
 - (c) 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 RM | Total 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

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.

- (b) On 5 June 2017, ENRA Engineering & Construction Sdn. Bhd. [formerly known as ENRA Pipeline Services Sdn. Bhd.], a wholly-owned subsidiary of the Company and Emrail Sdn. Bhd. had entered into a Shareholders Agreement to jointly establish a company to collaborate on providing total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

- (c) On 10 July 2017, ENRA SPM Sdn. Bhd., a 60%-owned subsidiary of the Company, has accepted a Letter of Award from PC Myanmar (Hong Kong) Limited ("PCML"), a subsidiary of PETRONAS, for the lease of a single point mooring system and storage tanker ("Facilities") to PCML, through an open tender process. The Facilities will provide condensate storing and offloading services for the Yetagan offshore gas field operated by PCML in the Andaman Sea off the coast of Myanmar.

The award is for a 4-year primary period with a total value of approximately USD48 million. The leasing period is estimated to commence upon the Facilities being commissioned and delivered to PCML.

12 Significant related party transactions

The Group's provision of financial assistance to a subsidiary as of 30 June 2017 are as follows:

| | <u>As at</u> <u>30 / 06 / 2017</u> | <u>As at</u> <u>30 / 06 / 2016</u> |
|--------------------------|---------------------------------------|---------------------------------------|
| | 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 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.

13 Changes in material contingent liabilities or assets

There were no material contingent liabilities or contingent assets since the last financial year ended 31 March 2017.

14 Capital commitments

The capital commitments as at the end of the financial period ended 30 June 2017 is as follows:

| | <u>As at</u> <u>30 / 06 / 2017</u> | <u>As at</u> <u>30 / 06 / 2016</u> |
|--|---------------------------------------|---------------------------------------|
| | RM'000 | RM'000 |
| Authorised and contracted for | | |
| - Purchase of land | 6,813 | - |
| - Property held for sale under development | 2,236 | 5,287 |

15 Review of performance

For the financial quarter 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 & gas services division, entails the trading and supply of specialty chemicals, provision of logistics services, engineering and 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.

| <u>Quarter</u> | Profit/(loss) before taxation (continuing operations) | | | |
|-----------------------|--|----------------------|--------------------------------------|---------------------|
| | Property | Oil & gas | Investment | Consolidated |
| | development | services | holdings and others | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>FY2018:</u> | | | | |
| Quarter 1 | 716 | 3,343 | (2,465) | 1,594 |
| <u>FY2017:</u> | | | | |
| Quarter 1 | 3,373 | 2,317 | (2,150) | 3,540 |
| Quarter 2 | 4,600 | 2,849 | (2,066) | 5,383 |
| Quarter 3 | 21,739 | 989 | (2,424) | 20,304 |
| Quarter 4 | 3,586 | (428) | (3,864) | (706) |
| | <u>33,298</u> | <u>5,727</u> | <u>(10,504)</u> | <u>28,521</u> |

For the quarter ended 30 June 2017, the Group recorded a lower profit before taxation from continuing operations of RM1.59 million as compared to RM3.54 million in last financial year's corresponding quarter, mainly on lower profit from property development division by RM2.66 million and higher loss from investment holdings business by RM1.99 million. Property development division recorded lower profit due to lower sales of inventory units of Shamelin Star which was completed in last financial year. The higher loss incurred by investment holdings division was mainly on higher staff costs resulted from higher bonus provision and an increase in the number of staffs and directors necessary to support the long term growth of the Group. On the positive side, oil & gas division shows a remarkable increase in profit by RM2.70 million mainly contributed by higher sales in chemical products as more contracts were secured compared to last financial year's corresponding period.

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

For the financial quarter under review, the Group recorded a profit before taxation of RM1.59 million as compared to a loss before taxation of RM0.71 million in the immediate preceding quarter, mainly due to better performance from oil & gas division which resulted from higher delivery of chemical products. However, the increase was then negated by a lower contribution in revenue and gross profit from property development due to lower sales of inventory units of Shamelin Star.

17 Future prospects

The Group will continuously review its operating portfolio and will streamline it from time to time to maximise earnings. The management team's skills and knowledge are not limited to our current core businesses as we continue to look for opportunities to venture into other areas that the Group believes are value accretive and sustainable. Despite the challenging economic environment for property development and oil & gas services sectors, the Group expects the full year result to still be satisfactory and positive.

18 Profit forecast

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

19 Profit for the financial period for continuing operations

| | Current Quarter | Cumulative Quarter |
|--|----------------------------|-------------------------------|
| | 30 / 06 / 2017 | 30 / 06 / 2017 |
| | RM'000 | RM'000 |
| Profit for the financial period for continuing operations is arrived at after (crediting) / charging | | |
| Interest income | (400) | (400) |
| Interest expense | 112 | 112 |
| Other income including investment income | (39) | (39) |
| Depreciation of property, plant and equipment | 248 | 248 |
| Rental of: | | |
| - premises | 268 | 268 |
| - equipment | 13 | 13 |
| Unrealised gain on foreign exchange | (368) | (368) |
| Realised gain from foreign exchange | (48) | (48) |
| Fair value loss on derivatives | 91 | 91 |

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.

20 Income tax expense

| | Individual Quarter | | Cumulative Quarter | |
|-------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | 30 / 06 / 2017 | 30 / 06 / 2016 | 30 / 06 / 2017 | 30 / 06 / 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax :- | | | | |
| - current taxation | 869 | 1,076 | 869 | 1,076 |
| - deferred taxation | - | - | - | - |
| | <u>869</u> | <u>1,076</u> | <u>869</u> | <u>1,076</u> |

The Group's effective tax rate is slightly higher than the statutory tax rate as certain expenses are not allowable for tax deductions and some companies registered loss before taxation that cannot be used for group tax relief.

21 Status of corporate proposals announced but not completed

The corporate proposals announced but not completed as at the date of this quarterly report are as follows:

- (i) Acquisition of land in Wilayah Persekutuan Labuan of RM7.57 million (as announced on 8 March 2017)
Pending the fulfillment of the conditions precedent of the sale and purchase agreement by 8 December 2017
- (ii) Proposed disposal of the Group's investment properties and investment assets (Note 11(a))
Pending the fulfillment of the conditions precedent which the proposed disposal is expected to be completed latest by 30 September 2017

22 Goodwill

The goodwill arised from the acquisition of 75% of ENRA Engineering & Fabrication Sdn. Bhd. 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.

23 Borrowings and debts securities

Total borrowings of the Group were analysed as follows :

| | Short Term | | Long Term | | Total | | Total Group RM'000 |
|--------------------------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|-----------------------|
| | Foreign currency | Malaysian Ringgit | Foreign currency | Malaysian Ringgit | Foreign currency | Malaysian Ringgit | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| As at 30 June 2017: | | | | | | | |
| Secured | | | | | | | |
| Bank overdrafts | - | 18,647 | - | - | - | 18,647 | 18,647 |
| Term loans | 11,855 | 8,343 | 2,964 | 8,933 | 14,819 | 17,276 | 32,095 |
| Hire-purchase and lease creditors | - | 214 | - | 871 | - | 1,085 | 1,085 |
| | 11,855 | 27,204 | 2,964 | 9,804 | 14,819 | 37,008 | 51,827 |
| Unsecured | | | | | | | |
| Trade facilities | 9,464 | 675 | - | - | 9,464 | 675 | 10,139 |
| | 21,319 | 27,879 | 2,964 | 9,804 | 24,283 | 37,683 | 61,966 |
| As at 30 June 2016: | | | | | | | |
| Secured | | | | | | | |
| Bank overdrafts | - | 7,301 | - | - | - | 7,301 | 7,301 |
| Term loans | 4,926 | 8,078 | 12,315 | 17,585 | 17,241 | 25,663 | 42,904 |
| Hire-purchase and lease creditors | - | 199 | - | 682 | - | 881 | 881 |
| | 4,926 | 15,578 | 12,315 | 18,267 | 17,241 | 33,845 | 51,086 |
| Unsecured | | | | | | | |
| Trade facilities | 829 | - | - | - | 829 | - | 829 |
| | 5,755 | 15,578 | 12,315 | 18,267 | 18,070 | 33,845 | 51,915 |

The increase in bank borrowings is mainly on the additional drawdown of RM10 million bank overdraft by the Company in August 2016 and the increase in utilisation of trade facilities in oil & gas division. The continuous paring down of existing term loans has cushioned the increase.

24 Derivatives

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

Details of the Group's derivatives financial instruments outstanding as at 30 June 2017 are as follows:

| | Nominal value GBP'000 | Fair value loss RM'000 |
|--|--------------------------|------------------------------|
| Forward currency selling contracts less than 1 year | | |
| As at 30 June 2017 | 4,000 | (91) |
| As at 30 June 2016 | - | - |

25 Material impairment of assets

There is no material impairment of assets recognised as a loss in the statement of profit and loss and other comprehensive income in the current quarter and comparative quarter.

26 Material litigation

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

27 Earnings per ordinary share

Basic earnings per share are calculated by dividing profit for the year attributable to 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 | |
|---|----------------|----------------|--------------------------|----------------|
| | 30 / 06 / 2017 | 30 / 06 / 2016 | 30 / 06 / 2017 | 30 / 06 / 2016 |
| Profit attributable to equity holders of the Company (RM'000) | | | | |
| - continuing operations | 1,018 | 1,309 | 1,018 | 1,309 |
| - discontinued operations | 634 | 753 | 634 | 753 |
| | <u>1,652</u> | <u>2,062</u> | <u>1,652</u> | <u>2,062</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 | 0.75 | 0.97 | 0.75 | 0.97 |
| - discontinued operations | 0.47 | 0.56 | 0.47 | 0.56 |
| | <u>1.22</u> | <u>1.53</u> | <u>1.22</u> | <u>1.53</u> |

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 30 June 2017.

28 Status of utilisation of proceeds raised from corporate proposal

During the current financial period, there is no completed corporate proposals to report on the status of utilisation of proceeds.

29 Analysis of realised and unrealised profits/(losses)

| | As at | As at |
|---|----------------|----------------|
| | 30 / 06 / 2017 | 30 / 06 / 2016 |
| | RM'000 | RM'000 |
| Total retained earnings/(losses) of the Group | | |
| Realised | 98,925 | 94,132 |
| Unrealised | (77,176) | (303) |
| | <u>21,749</u> | <u>93,829</u> |
| Add:- Consolidation adjustments | (11,653) | (448) |
| | <u>10,096</u> | <u>93,381</u> |

30 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".

By Order of the Board
ENRA Group Berhad