

**ENRA GROUP BERHAD**  
**(Company No. 236800-T)**

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	(Unaudited) As at 30 / 09 / 2017 RM ' 000	(Audited) As at 31 / 03 / 2017 RM ' 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,201	3,716
Investment in associate	-	-
Investment in joint venture	-	-
Deferred tax assets	1,931	1,929
Goodwill	8,505	8,505
	<u>14,637</u>	<u>14,150</u>
<b>Current assets</b>		
Inventories	68,669	77,231
Trade and other receivables	73,453	81,499
Derivative assets	-	73
Current tax assets	1,718	1,286
Cash and cash equivalents	60,532	64,065
Assets held for sale	85,156	85,156
	<u>289,528</u>	<u>309,310</u>
<b>TOTAL ASSETS</b>	<b><u>304,165</u></b>	<b><u>323,460</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	144,744	144,744
Redeemable convertible preference shares equity	409	409
Reserves	12,194	7,592
<b>Non-controlling interests</b>	<u>17,905</u>	<u>18,260</u>
<b>Total equity</b>	<u>175,252</u>	<u>171,005</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	101	101
Trade and other payables	105	1,313
Borrowings	7,668	17,627
Redeemable convertible preference shares liability	675	648
	<u>8,549</u>	<u>19,689</u>
<b>Current liabilities</b>		
Trade and other payables	73,836	82,327
Derivative liabilities	81	-
Borrowings	40,549	45,575
Current tax liabilities	5,891	4,857
Liabilities held for sale	7	7
	<u>120,364</u>	<u>132,766</u>
<b>Total liabilities</b>	<u>128,913</u>	<u>152,455</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>304,165</u></b>	<b><u>323,460</u></b>
<b>Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)</b>	<b><u>1.16</u></b>	<b><u>1.13</u></b>

*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 SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	30 / 09 / 2017	30 / 09 / 2016	30 / 09 / 2017	30 / 09 / 2016
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
<b>Continuing operations</b>				
Revenue	20,948	45,274	44,894	84,948
Cost of sales	(16,994)	(33,729)	(33,466)	(62,959)
Gross profit	3,954	11,545	11,428	21,989
Other operating income	5,257	222	6,021	301
Operating expenses	(6,371)	(6,325)	(12,903)	(13,192)
Profit from operations	2,840	5,442	4,546	9,098
Finance cost	(388)	(59)	(500)	(175)
Share of results of an associate	-	-	-	-
Share of results of a joint venture	-	-	-	-
Profit before taxation	2,452	5,383	4,046	8,923
Taxation	(205)	(1,766)	(1,074)	(2,842)
Profit for the financial period from continuing operations	2,247	3,617	2,972	6,081
<b>Discontinued operations</b>				
Profit for the financial period from discontinued operations, net of tax	667	746	1,301	1,499
Profit for the financial period	2,914	4,363	4,273	7,580
<b>Other comprehensive loss, net of tax</b>				
Foreign currency translation differences for foreign operations	(15)	(102)	(26)	(1,051)
<b>Total comprehensive income for the financial period</b>	<b>2,899</b>	<b>4,261</b>	<b>4,247</b>	<b>6,529</b>
Profit/(loss) attributable to:-				
Equity holders of the Company	2,973	2,796	4,625	4,858
Non-controlling interests	(59)	1,567	(352)	2,722
	2,914	4,363	4,273	7,580
Total comprehensive income/(loss) attributable to:-				
Equity holders of the Company	2,960	2,710	4,602	4,063
Non-controlling interests	(61)	1,551	(355)	2,466
	2,899	4,261	4,247	6,529
<b>Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):</b>				
<b>(a) Basic</b>				
Profit from continuing operations	1.71	1.52	2.46	2.49
Profit from discontinued operations	0.49	0.55	0.96	1.11
	2.20	2.07	3.42	3.60
<b>(b) Fully diluted</b>				
	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**  
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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	-----> Attributable to equity holders of the Company <----->									
	-----> Non-distributable <----->					Distributable				Total Equity RM ' 000
	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	
<b>Financial period ended 30 September 2017</b>										
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	-	-	-	-	-	-	4,625	4,625	(352)	4,273
Other comprehensive loss, net of tax	-	-	-	-	(23)	-	-	(23)	(3)	(26)
<b>Total comprehensive (loss)/income</b>	-	-	-	-	<b>(23)</b>	-	<b>4,625</b>	<b>4,602</b>	<b>(355)</b>	<b>4,247</b>
As at 30 September 2017	144,744	409	-	275	49	(1,199)	13,069	157,347	17,905	175,252
<b>Financial period ended 30 September 2016</b>										
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	-	-	-	-	-	-	4,858	4,858	2,722	7,580
Other comprehensive loss, net of tax	-	-	-	-	(795)	-	-	(795)	(256)	(1,051)
<b>Total comprehensive (loss)/income</b>	-	-	-	-	<b>(795)</b>	-	<b>4,858</b>	<b>4,063</b>	<b>2,466</b>	<b>6,529</b>
Acquisition of a subsidiary company - Non-controlling interest arising from business combinations	-	-	-	-	-	-	-	-	(442)	(442)
Dividends to equity holders of the Company	-	-	-	-	-	-	(10,794)	(10,794)	-	(10,794)
<b>Total transactions with owners</b>	-	-	-	-	-	-	<b>(10,794)</b>	<b>(10,794)</b>	<b>(442)</b>	<b>(11,236)</b>
As at 30 September 2016	136,208	-	8,536	275	(731)	(1,199)	85,383	228,472	13,050	241,522

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.

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**(Company No. 236800-T)**

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Financial period ended	
	30 / 09 / 2017	30 / 09 / 2016
	RM ' 000	RM ' 000
<b>Cash flows from operating activities</b>		
Profit before taxation		
- continuing operations	4,046	8,923
- discontinued operations	1,607	1,499
Adjustments for non-cash items:		
Derecognition of contingent consideration for business acquisition	(4,092)	-
Depreciation of property, plant & equipment	543	627
Fair value loss on derivatives	153	-
Gain on disposal of property, plant and equipment	(1)	-
Unrealised gain on foreign exchange	(875)	-
Redeemable convertible preference shares liability	28	-
Share of results of an associate	-	-
Share of results of a joint venture	-	-
Interest expense	1,807	1,470
Interest income	(954)	(294)
Operating profit before changes in working capital	2,262	12,225
Changes in working capital	11,829	(15,568)
Tax paid	(778)	(2,522)
<b>Net cash generated from/(used in) operating activities</b>	<b>13,313</b>	<b>(5,865)</b>
<b>Cash flows from investing activities</b>		
Interest received	954	294
Placement of pledged deposits	(754)	(1,474)
Proceeds from disposal of property, plant and equipment	22	-
Acquisition of :		
- property, plant and equipment	(1,050)	(1,876)
- subsidiaries, net of cash	-	(2,817)
Issuance of shares by subsidiary to non-controlling interests	-	49
<b>Net cash used in investing activities</b>	<b>(828)</b>	<b>(5,824)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,807)	(1,470)
Dividend paid	-	(10,794)
Net drawdown/(repayment) of borrowings	(12,961)	1,135
<b>Net cash used in financing activities</b>	<b>(14,768)</b>	<b>(11,129)</b>
Net decrease in cash and cash equivalents	(2,283)	(22,818)
Cash and cash equivalents at beginning of financial year	39,678	25,856
Effect of foreign currency exchange rate changes	20	(584)
Cash and cash equivalents at end of financial year	<b>37,415</b>	<b>2,454</b>
Cash and cash equivalents comprise:-		
Cash and bank balances	60,532	27,221
Less: Bank overdrafts	(18,633)	(18,595)
Fixed deposits pledged to licensed banks	(4,484)	(6,172)
	<b>37,415</b>	<b>2,454</b>

*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:

<b>Title:</b>	<b>Effective Date</b>
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:

<b>Title:</b>	<b>Effective Date</b>
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.

**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 yet in respect of the current financial year.

**9 Segmental reporting**

**Financial for 6 months period ended 30 September 2017**

	Property development RM'000	Oil & gas services RM'000	Investment holdings and others RM'000	Consolidated RM'000
<b>Result from continuing operations</b>				
<b>Revenue</b>				
- External	11,395	33,499	-	44,894
Total revenue	<u>11,395</u>	<u>33,499</u>	<u>-</u>	<u>44,894</u>
<b>Results</b>				
Operating profit/(loss)	317	8,326	(5,026)	3,617
Interest income				929
Finance cost				(500)
Tax expense				(1,074)
Profit for the financial period from continuing operations				<u>2,972</u>
<b>Results from discontinued operations</b>				
Profit for the financial period from discontinued operations, net of tax				1,301
Profit for the financial period				<u>4,273</u>

**Financial for 6 months period ended 30 September 2016**

	Property development RM'000	Oil & gas services RM'000	Investment holdings and others RM'000	Consolidated RM'000
<b>Result from continuing operations</b>				
<b>Revenue</b>				
- External	53,578	31,370	-	84,948
Total revenue	<u>53,578</u>	<u>31,370</u>	<u>-</u>	<u>84,948</u>
<b>Results</b>				
Operating profit/(loss)	7,881	5,265	(4,316)	8,830
Interest income				268
Finance cost				(175)
Tax expense				(2,842)
Profit for the financial period from continuing operations				<u>6,081</u>
<b>Results from discontinued operations</b>				
Profit for the financial period from discontinued operations, net of tax				1,499
Profit for the financial period				<u>7,580</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.

The Group's reportable segments are operating segments or aggregations of operation segments with 10% or more contribution in term of revenue or in term of total assets of all operating segments.

**10 Changes in the composition of the Group**

On 6 October 2017, ENRA SPM Labuan Limited was incorporated with an issued and paid-up share capital of USD1 comprising 1 share held by ENRA SPM Sdn. Bhd., an indirect subsidiary of the Company, to undertake leasing business in, through and from the Federal Territory of Labuan.

**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 ("EVSB") for a cash consideration of RM49,842 ("Proposed Disposal of EVSB") ("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:

<b>Agreements</b>	<b>Proposed Disposal</b>	<b>Subtotal RM</b>	<b>Total RM</b>
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 EVSB	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 RM33.82 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 RM41.83 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

On 29 August 2017, the Company had obtained the approval of the state authority for the transfer of the Shamelin Office units in respects of the restriction in interest of the strata title.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

On 14 September 2017, the Company and the respective parties to the SPAs and SSAs had entered into several Letters of Agreement to extend the cut-off date to fulfil the respective condition precedent set out in the respective SPAs and SSAs to 15 December 2017.

- (b) On 5 June 2017, ENRA Engineering & Construction Sdn. Bhd. ("EEC") [f.k.a. 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.

Subsequently, ENRA Emrail Sdn. Bhd. ("EEM") was established on 28 August 2017 with an issued and paid-up share capital of RM100 ordinary shares. EEC holds 51% of the shareholdings of EEM.

Based on the reserved matters of the Directors in the Shareholders Agreement, EEM falls under the definition of a jointly controlled entity under FRS 11: *Joint Arrangements*, because decisions regarding relevant activities need unanimous consent from directors.

- (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 Yetagun 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 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.

**13 Capital commitments**

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

	As at 30 / 09 / 2017	As at 30 / 09 / 2016
	RM'000	RM'000
<b>Authorised and contracted for</b>		
- Purchase of land	6,813	-
- Property held for sale under development	847	5,287

**14 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.

Quarter	<u>Revenue (continuing operations)</u>			<u>Profit/(loss) before taxation (continuing operations)</u>			
	Property	Oil & gas	Consolidated	Property	Oil & gas	Investment	Consolidated
	development	services		development	services	holdings and others	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>FY2018:</u></b>							
Quarter 1	777	23,169	23,946	716	3,343	(2,465)	1,594
Quarter 2	10,619	10,329	20,948	447	4,626	(2,621)	2,452
	<u>11,396</u>	<u>33,498</u>	<u>44,894</u>	<u>1,163</u>	<u>7,969</u>	<u>(5,086)</u>	<u>4,046</u>
<b><u>FY2017:</u></b>							
Quarter 1	23,436	16,238	39,674	3,373	2,317	(2,150)	3,540
Quarter 2	30,142	15,132	45,274	4,600	2,849	(2,066)	5,383
	<u>53,578</u>	<u>31,370</u>	<u>84,948</u>	<u>7,973</u>	<u>5,166</u>	<u>(4,216)</u>	<u>8,923</u>



**Q2 FY2018 v Q2 FY2017**

Profit before taxation from continuing operations of RM2.45 million for individual Q2 FY2018 was lower by 46% from RM5.38 million for the individual Q2 FY2017 due mainly to lower number of units sold for Shamelin Star which was completed in December 2016.

Meanwhile, oil & gas services division recorded a higher profit by 62% partly contributed by the derecognition of contingent consideration payable for acquisition of ENRA Engineering And Fabrication Sdn Bhd ("EEFAB").

Investment holdings division showed a higher loss of RM0.56 million mainly from higher staff costs resulting from increment and higher number of headcounts necessary to support the long term growth of the Group.

**H1 FY2018 v H1 FY2017**

For the 6 months period ended 30 September 2017, the Group recorded a lower profit before taxation from continuing operations of RM4.05 million as compared to profit before taxation of RM8.92 million in last financial year, mainly contributed by lower contribution from property development due to lower sales of residential units of Shamelin Star.

**15 Material change in profit/(loss) before taxation for continuing operations compared to the immediate preceding quarter**

**Q2 FY2018 v Q1 FY2018**

For the financial quarter under review, the Group recorded a higher profit before taxation from continuing operations of RM2.45 million as compared to a profit before taxation of RM1.59 million in the immediate preceding quarter, mainly due to derecognition of contingent consideration payable for acquisition of EEFAB of RM4.09 million which then mitigated by weak performance from property division.

**16 Future prospects**

For the remainder of FY2018, the Group intends to complete the sale of its legacy property investment business namely our 60 strata titles in Holiday Plaza in Johor Bahru and 6 strata titles in Shamelin Business Centre. The Group also intends to complete the sales of its remaining unsold units in Shamelin Star and the sale and development of Portland Chambers in London.

Continuous efforts will be made to further grow the oil & gas services division including the successful chemical trading business. The Group is actively looking to replenish its land bank and development opportunities. The Group expects the result for current financial year to be satisfactory.

**17 Profit forecast**

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

**18 Profit for the financial period for continuing operations**

	<b>Current Quarter</b>	<b>Cumulative Quarter</b>
	<b>30 / 09 / 2017</b>	<b>30 / 09 / 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period for continuing operations is arrived at after (crediting) / charging		
Interest income	(529)	(929)
Interest expense	388	500
Other income including investment income	(38)	(78)
Derecognition of contingent consideration for business acquisition	(4,092)	(4,092)
Depreciation of property, plant and equipment	264	512
Rental of:		
- premises	109	377
- equipment	86	99
Unrealised gain on foreign exchange	(507)	(875)
Realised gain from foreign exchange	(154)	(201)
Fair value loss on derivatives	62	153

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.

**ENRA GROUP BERHAD**  
**(Company No. 236800-T)**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

**19 Income tax expense**

	Individual Quarter		Cumulative Quarter	
	30 / 09 / 2017	30 / 09 / 2016	30 / 09 / 2017	30 / 09 / 2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	205	1,766	1,074	2,842
	<u>205</u>	<u>1,766</u>	<u>1,074</u>	<u>2,842</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.

**20 Status of corporate proposals announced but not completed as at 21 November 2017**

The corporate proposals announced but not yet completed 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 extended to 15 December 2017
- (iii) Proposed Employees Share Scheme ("ESS") up to 15% of the total number of issued shares of the Company (excluding treasury shares) to eligible persons (as announced on 6 October 2017)  
Bursa Malaysia Securities Berhad had granted extension of up to 20 February 2018 for the issuance of the Circular to Shareholders and the Proposed ESS is pending the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened.

**21 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.

**22 Borrowings and debts securities**

Total borrowings of the Group were analysed as follows :

	Short Term		Long Term		Total		Total Group
	Foreign currency	Malaysian Ringgit	Foreign currency	Malaysian Ringgit	Foreign currency	Malaysian Ringgit	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 September 2017:</b>							
<b>Secured</b>							
Bank overdrafts	-	18,633	-	-	-	18,633	18,633
Term loans	12,028	8,343	-	6,848	12,028	15,191	27,219
Hire-purchase and lease creditors	-	204	-	820	-	1,024	1,024
	<u>12,028</u>	<u>27,180</u>	<u>-</u>	<u>7,668</u>	<u>12,028</u>	<u>34,848</u>	<u>46,876</u>
<b>Unsecured</b>							
Trade facilities	-	1,341	-	-	-	1,341	1,341
	<u>12,028</u>	<u>28,521</u>	<u>-</u>	<u>7,668</u>	<u>12,028</u>	<u>36,189</u>	<u>48,217</u>
<b>As at 30 September 2016:</b>							
<b>Secured</b>							
Bank overdrafts	-	18,595	-	-	-	18,595	18,595
Term loans	7,370	8,079	9,827	15,818	17,197	23,897	41,094
Hire-purchase and lease creditors	-	176	-	456	-	632	632
	<u>7,370</u>	<u>26,850</u>	<u>9,827</u>	<u>16,274</u>	<u>17,197</u>	<u>43,124</u>	<u>60,321</u>
<b>Unsecured</b>							
Trade facilities	-	9,288	-	-	-	9,288	9,288
	<u>7,370</u>	<u>36,138</u>	<u>9,827</u>	<u>16,274</u>	<u>17,197</u>	<u>52,412</u>	<u>69,609</u>

The decrease in bank borrowings is mainly on repayment of RM14 million in term loan lower utilisation of trade facilities in oil & gas division.

**23 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 September 2017 are as follows:

	Nominal value GBP'000	Fair value loss RM'000
<b>Forward currency selling contracts less than 1 year</b>		
As at 30 September 2017	6,500	(153)
As at 30 September 2016	-	-

**24 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.

**25 Material litigation**

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

**26 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 / 09 / 2017	30 / 09 / 2016	30 / 09 / 2017	30 / 09 / 2016
Profit attributable to equity holders of the Company (RM'000)				
- continuing operations	2,306	2,050	3,324	3,359
- discontinued operations	667	746	1,301	1,499
	<u>2,973</u>	<u>2,796</u>	<u>4,625</u>	<u>4,858</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	1.71	1.52	2.46	2.49
- discontinued operations	0.49	0.55	0.96	1.11
	<u>2.20</u>	<u>2.07</u>	<u>3.42</u>	<u>3.60</u>

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

**27 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.

**28 Analysis of realised and unrealised profits/(losses)**

	As at	As at
	30 / 09 / 2017 RM'000	30 / 09 / 2016 RM'000
Total retained earnings/(losses) of the Group		
Realised earnings	98,917	92,032
Unrealised losses	(76,731)	(303)
	<u>22,186</u>	<u>91,729</u>
Add:- Consolidation adjustments	(9,117)	(6,346)
	<u>13,069</u>	<u>85,383</u>

**29 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**