

**ENRA GROUP BERHAD**  
**(Company No. 199201005296/ 236800-T)**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30 / 6 / 2020 RM ' 000	As at 31 / 3 / 2020 RM ' 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	101,314	87,085
Right of use assets	12,527	12,579
Investment in an associate	-	-
Deferred tax assets	225	225
Intangible assets	3,928	3,997
Goodwill	12,940	12,940
	<u>130,934</u>	<u>116,826</u>
<b>Current assets</b>		
Inventories	48,855	49,476
Trade and other receivables	33,161	73,396
Derivative assets	1	225
Current tax assets	774	602
Cash and cash equivalents	41,016	53,613
	<u>123,807</u>	<u>177,312</u>
<b>TOTAL ASSETS</b>	<b><u>254,741</u></b>	<b><u>294,138</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	2,886	2,886
Reserves	(29,976)	(25,805)
	<u>117,654</u>	<u>121,825</u>
<b>Non-controlling interests</b>	<u>1,610</u>	<u>2,440</u>
<b>Total equity</b>	<b><u>119,264</u></b>	<b><u>124,265</u></b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	759	727
Trade and other payables	9,460	10,788
Borrowings	36,206	33,018
Leasing liabilities	2,706	2,722
Redeemable convertible preference shares liability	6,116	6,006
	<u>55,247</u>	<u>53,261</u>
<b>Current liabilities</b>		
Trade and other payables	41,474	45,819
Derivative liabilities	712	-
Borrowings	36,192	69,124
Leasing liabilities	1,307	1,074
Current tax liabilities	545	595
	<u>80,230</u>	<u>116,612</u>
<b>Total liabilities</b>	<u>135,477</u>	<u>169,873</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>254,741</u></b>	<b><u>294,138</u></b>
<b>Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)</b>	<b><u>0.87</u></b>	<b><u>0.90</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 2019 and the accompanying explanatory notes to the interim financial statements.*

**ENRA GROUP BERHAD**

(Company No. 199201005296/ 236800-T)

**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

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

	Individual Quarter		Cumulative Quarters	
	30 / 6 / 2020	30 / 6 / 2019	30 / 6 / 2020	30 / 6 / 2019
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Revenue	25,647	51,469	25,647	51,469
Cost of sales	(21,456)	(42,383)	(21,456)	(42,383)
Gross profit	4,191	9,086	4,191	9,086
Other operating income	589	590	589	590
Operating expenses	(7,266)	(7,840)	(7,266)	(7,840)
(Loss)/Profit from operations	(2,486)	1,836	(2,486)	1,836
Lease interest expense	(69)	(772)	(69)	(772)
Finance cost	(775)	(337)	(775)	(337)
Share of results of an associate	-	-	-	-
(Loss)/Profit before taxation	(3,330)	727	(3,330)	727
Taxation	(110)	(537)	(110)	(537)
(Loss)/Profit for the financial period	(3,440)	190	(3,440)	190
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	125	(344)	125	(344)
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(3,315)</b>	<b>(154)</b>	<b>(3,315)</b>	<b>(154)</b>
(Loss)/Profit attributable to:-				
Equity holders of the Company	(2,710)	109	(2,710)	109
Non-controlling interests	(730)	81	(730)	81
	<b>(3,440)</b>	<b>190</b>	<b>(3,440)</b>	<b>190</b>
Total comprehensive (loss)/income attributable to:-				
Equity holders of the Company	(2,485)	(142)	(2,485)	(143)
Non-controlling interests	(830)	(12)	(830)	(11)
	<b>(3,315)</b>	<b>(154)</b>	<b>(3,315)</b>	<b>(154)</b>
<b>Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):</b>				
(a) Basic	(2.01)	0.08	(2.01)	0.08
(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 2019 and the accompanying explanatory notes to the interim financial statements.*

**ENRA GROUP BERHAD**  
**(Company No. 199201005296/ 236800-T)**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the Company								Total Equity RM ' 000
	Non-distributable					Distributable (Accumulated losses)/ Retained Earnings		Non- controlling Interests	
	Share Capital RM ' 000	Redeemable Convertible Preference Shares RM ' 000	Capital Reserves RM ' 000	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000		Total RM ' 000	RM ' 000	
<b>Financial period ended 30 June 2020</b>									
As at 1 April 2020	144,744	2,886	-	371	(1,199)	(24,977)	121,825	2,440	124,265
Profit for the financial period	-	-	-	-	-	(2,710)	(2,710)	(730)	(3,440)
Other comprehensive income, net of tax	-	-	-	225	-	-	225	(100)	125
<b>Total comprehensive (loss)/income</b>	-	-	-	<b>225</b>	-	<b>(2,710)</b>	<b>(2,485)</b>	<b>(830)</b>	<b>(3,315)</b>
Dividends to equity holders of the Company	-	-	-	-	-	(1,686)	(1,686)	-	(1,686)
<b>Total transactions with owners</b>	-	-	-	-	-	<b>(1,686)</b>	<b>(1,686)</b>	-	<b>(1,686)</b>
As at 30 June 2020	144,744	2,886	-	596	(1,199)	(29,373)	117,654	1,610	119,264
<b>Financial period ended 31 March 2020</b>									
As at 1 April 2019	144,744	2,886	275	53	(1,199)	(23,684)	123,075	(2,199)	120,876
Profit for the financial period	-	-	-	-	-	109	109	81	190
Other comprehensive income, net of tax	-	-	-	(252)	-	-	(252)	(92)	(344)
<b>Total comprehensive income</b>	-	-	-	<b>(252)</b>	-	<b>109</b>	<b>(143)</b>	<b>(11)</b>	<b>(154)</b>
Dividends to equity holders of the Company	-	-	-	-	-	(4,048)	(4,048)	-	(4,048)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(160)	(160)
Issue of shares by subsidiaries to a non-controlling interest	-	-	-	-	-	-	-	116	116
<b>Total transactions with owners</b>	-	-	-	-	-	<b>(4,048)</b>	<b>(4,048)</b>	<b>(44)</b>	<b>(4,092)</b>
As at 30 June 2019	144,744	2,886	275	(199)	(1,199)	(27,623)	118,884	(2,254)	116,630

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 2019 and the accompanying explanatory notes to the interim financial statements.

**ENRA GROUP BERHAD**  
**(Company No. 199201005296/ 236800-T)**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Cumulative quarters ended</b>	
	<b>30 / 6 / 2020</b>	<b>30 / 6 / 2019</b>
	<b>RM ' 000</b>	<b>RM ' 000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(3,330)	727
Adjustments for non-cash items:		
Written back of provision for impairment loss on trade receivables	-	(337)
Depreciation of property, plant and equipment	1,556	267
Depreciation of right of use assets	280	7,102
Amortisation of intangible assets	68	69
Fair value loss on derivatives	936	513
Unrealised loss on foreign exchange	64	386
Unwinding of redeemable convertible preference shares discount	110	102
Fair value changes on contingent consideration	(165)	(130)
Lease interest expense	69	772
Interest expense	775	235
Interest income	(148)	(316)
Operating profit before changes in working capital	215	9,390
Changes in working capital	34,393	18,308
Tax paid	(299)	(691)
<b>Net cash generated from operating activities</b>	<b>34,309</b>	<b>27,007</b>
<b>Cash flows from investing activities</b>		
Interest received	148	316
Uplift/(Placement) of pledged deposits	8,475	(1,322)
Acquisition of:		
- property, plant and equipment	(14,692)	(247)
- subsidiaries, net of cash	-	(77)
<b>Net cash used in investing activities</b>	<b>(6,069)</b>	<b>(1,330)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(775)	(235)
Dividends paid to:		
- equity holders of the Company	(1,686)	(4,048)
- non-controlling interests	-	(160)
Net (repayment)/repayment of borrowings	(30,057)	1,775
Repayment of lease liabilities	(287)	(7,768)
<b>Net cash used in financing activities</b>	<b>(32,805)</b>	<b>(10,436)</b>
Net (decrease)/ increase in cash and cash equivalents	(4,565)	15,241
Cash and cash equivalents at beginning of financial period	43,457	22,836
Effect of foreign currency exchange rate changes	130	(95)
Cash and cash equivalents at end of financial period	<b>39,022</b>	<b>37,982</b>
Cash and cash equivalents comprise:-		
Cash and bank balances	41,016	46,955
Less: Bank overdrafts	(313)	(1,205)
Fixed deposits pledged to licensed banks	(1,681)	(7,768)
	<b>39,022</b>	<b>37,982</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 2019 and the accompanying explanatory notes to the interim financial statements.*

**Compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Bursa Malaysia Securities Berhad Listing Requirements**

**1 Basis of preparation**

The interim financial report are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*, International Accounting Standard (IAS) 34 *Interim Financial Reporting* and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2019.

**2 Changes in Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2019, 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 or after 1 January 2020:

<b>Title:</b>	<b>Effective Date for the financial period commencing on or after:</b>
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Business Combinations - Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 Presentation of Financial Statements - Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Materials</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Financial Instruments - Interest Rate Benchmark Reform</i>	1 January 2020

The standards and amendments that are issued but not yet effective for the adoption by the Group in the current financial year up to the date of this interim report are disclosed below:

<b>Title:</b>	<b>Effective Date for the financial period commencing on or after:</b>
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of liabilities as Current or Non-Current</i>	1 January 2022
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect any material changes to the financial statements of the Group when the above standards and amendments become effective.

**3 Qualification of auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 March 2019 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 financial period under review affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence other than the material items disclosed in Note 20.

**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 other than material items disclosed in Note 20.

**7 Debt and equity securities**

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

**8 Dividends paid to equity holders of the Company**

The Company paid first interim single tier dividend of 1.25 sen per share of RM1.69 million during current financial period on 29 May 2020 (Note 30).

**9 Revenue**

The disaggregation of Group's revenue by major products and services are as follows:

	<b>Cumulative Quarters</b>	
	<b>30 / 6 / 2020</b>	<b>30 / 6 / 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Products and services:</b>		
Sale of completed properties	-	19,040
Sale of trading goods	12,197	17,929
Leasing	8,793	8,430
Services rendered:		
- logistics	-	64
- energy	4,657	6,006
	<u>25,647</u>	<u>51,469</u>
<b>Timing of revenue recognition:</b>		
At a point in time	12,197	38,378
Over time	13,450	13,091
	<u>25,647</u>	<u>51,469</u>

**10 Segmental information**

	<b>Property development RM'000</b>	<b>Energy services RM'000</b>	<b>Investment holdings and others RM'000</b>	<b>Consolidated RM'000</b>
<b>Financial period ended 30 June 2020</b>				
<b>Revenue</b>				
- External	-	25,647	-	25,647
<b>Results</b>				
Operating loss	(161)	(301)	(2,171)	(2,633)
Interest income				148
Lease interest expense				(69)
Finance cost				(775)
Tax expense				(110)
Profit for the financial period				<u>(3,440)</u>
Earning before interest, tax, depreciation and amortisation	<u>(116)</u>	<u>1,552</u>	<u>(2,018)</u>	<u>(582)</u>

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
<b>Financial period ended 30 June 2019</b>				
<b>Revenue</b>				
- External	19,040	32,429	-	51,469
<b>Results</b>				
Operating profit/(loss)	85	4,313	(2,878)	1,520
Interest income				316
Lease interest expense				(772)
Finance cost				(337)
Tax expense				(537)
Profit for the financial period from continuing operations				190
Earning before interest, tax, depreciation and amortisation	118	11,855	(2,698)	9,275

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.

## 11 Changes in the composition of the Group

(a) Termination of Shareholder Agreement in relation to investment in joint venture.

- (i) On 10 July 2020, Emrail Sdn Bhd, has served its 14 days notice to terminate the Shareholder Agreement previously entered into between Emrail Sdn Bhd and ENRA Engineering & Construction Sdn Bhd ("EECSB") in relation to the Groups' investment in a joint venture, namely ENRA Emrail Sdn Bhd ("EEmrail").

On 23 July 2020, a Deed of Termination was entered into between Emrail Sdn Bhd and EECSB to terminate the Shareholder Agreement. Pursuant to the termination, EECSB acquired the remaining 49% equity interest in EEmrail previously held by Emrail Sdn Bhd for RM49 in cash on even date, making EEmrail a wholly-owned indirect subsidiary of the Company.

## 12 Significant events during the year

(a) Claim against a customer on contract on value of work done

On 11 June 2018, ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB"), a wholly-owned indirect subsidiary of the Company served an Adjudication Claim against Gemula Sdn. Bhd. ("Gemula") in accordance with Section 9 of Construction Industry Payment and Adjudication Act 2012 ("CIPAA") for a total amount of RM10,574,663 ("CIPAA Payment Claim").

Gemula appointed EEFAB as a subcontractor for the project known as "Pembinaan Garaj Utama Kenderaan 8 x 8 Dan Kenderaan Pasukan Serta Infrastruktur Di Kem Batu Sepuluh (10) Kuantan, Pahang" ("the Project"). Gemula subcontracted the following works for the Project to EEFAB by way of these respective documents:

- (i) Letter of Award dated 15 January 2016 ("LOA 1") whereby Gemula appointed EEFAB to undertake the 'Struktur Besi' works for the Project; and
- (ii) Letter of Award dated 9 May 2016 ("LOA 2") whereby Gemula appointed EEFAB to undertake the scope described as "membekal bahan binaan dan menyiapkan segala kerja berbaki" for the Project.

The CIPAA Payment Claim is in relation to outstanding amounts due and payable by Gemula for works completed pursuant to LOA 1 and LOA 2 including additional/variation works ancillary to the said subcontracts.

On 6 September 2018, the Adjudicator had determined in EEFAB's favour that:

- (i) Gemula shall pay EEFAB the total outstanding sum of RM10.22 million;
- (ii) Gemula shall pay EEFAB interest at the rate of 5% per annum on each invoice claimed by EEFAB from its respective due date for payment until full and final settlement; and
- (iii) Gemula shall pay the total costs of adjudication in the amount of RM132,594.

(collectively "Adjudication Decision").

On 8 October 2018, EEFAB, applied to the Construction Court (a division of the High Court) in KL to enforce the Adjudication Decision as a judgement or order of the High Court ("Enforcement Application") as Gemula failed to make payment of the Adjudication Decision within the given time frame.

On 1 November 2018, a sealed Originating Summons was served on EEFAB by Gemula to set aside the Adjudication Decision on the grounds that the Adjudicator had acted in excess of his jurisdiction and had not acted impartially.

On 8 January 2019, the High Court held:

- (i) Gemula's application to set aside the Adjudication Decision for CIPAA Payment Claim was dismissed with costs in the sum of RM15,000; and
- (ii) the Enforcement was allowed with costs in the sum of RM10,000 to be paid by Gemula.

On 29 January 2019, EEFAB received a Notice of Appeal from Gemula to appeal against the decision of the High Court dated 8 January 2019 (collectively "CIPAA Appeals").

On 20 January 2020, Gemula filed a Notice of Discontinuance of the CIPAA Appeals which was confirmed by the Court of Appeal on 5 February 2020 by way of e-review. The CIPAA Appeals are discontinued and withdrawn without liberty to file afresh.

On 4 March 2019, EEFAB, through its solicitors, served Notice of Demand to Gemula demanding payment of the sum totalling RM10.38 million. Subsequently, on 27 March 2019, EEFAB, through its solicitors, filed a winding up petition at the High Court against Gemula as they had failed to pay the sum owing set out in the Notice of Demand after the expiration of 21 days from the date of the service of the said Notice of Demand ("Winding Up Petition").

On 25 June 2019, the Kuala Lumpur High Court granted the Winding up Petition initiated by EEFAB against Gemula together with RM15,000 costs to be paid by Liquidator out of assets of Gemula ("Winding Up Order").

On 23 July 2019, Gemula served a Notice to Appeal the Winding Up Order ("Winding Up Appeal").

On 9 January 2020, Gemula filed a Notice of Discontinuance of the Winding Up Appeal. The Winding Up Appeal is discontinued and withdrawn without liberty to file afresh.

In short, the written orders of the High Court for the enforcement of the Adjudication Decision is in favour of EEFAB and the winding up of Gemula remain valid. ENRA will announce any material development of the above matter at the appropriate time.

b) Claim against ESPML and writ of summons by ESPM and ESPML

On 22 July 2020, ENRA SPM Labuan Limited ("ESPML") a wholly-owned indirect subsidiary of the Company received a Notice for Arbitration to commence arbitration proceedings ("Notice of Arbitration") by PT Cakra Manunggal Semesta ("PT CMS").

The alleged claim arises out of a BIMCO Standard Bareboat Charter "BARECON 2001" ("Charterparty") dated 16 October 2017 between ESPML and PT CMS for the vessel known as "MT. BRATASENA" ("Vessel") and a Settlement Agreement dated 9 December 2019 entitled "Mutual Agreement on Exit Terms" between ESPML, PT CMS, ENRA SPM Sdn. Bhd. (the parent company of ESPML) ("ESPM"), and Sea Trust Marine Pte Ltd, a related company to PT CMS (the "Settlement Agreement").

PT CMS allegedly claimed that ESPML is in breach and/or repudiatory breach and/or anticipatory repudiatory breach of the Charterparty and/or Settlement Agreement. PT CMS' claim for damages is currently unspecified.

Pursuant to the arbitration agreement under the Charterparty, the arbitration is referred to the Asian International Arbitration Centre (formerly known as the Kuala Lumpur Regional Centre for Arbitration).

Based on preliminary legal advice obtained, the Directors are of view that the Notice of Arbitration is without merit. ESPML intends to vigorously defend its position and is seeking legal advice for a counter claim against PT CMS for their breaches of the Charterparty and for damages arising under the tort of conversion. No provision has been made to the financial statements in relation to the claim against ESPML.

ESPML and ESPM, had through their solicitors filed a Writ of Summons (in rem) ("Singapore Writ") at the High Court of the Republic of Singapore on 25 July 2020 against PT CMS and/or Demise Charterer of "MT BRATASENA" filed a Writ in Action in rem at the High Court of Malaya at Kuala Lumpur and at the High Court of Sabah and Sarawak at Kota Kinabalu on 27 July 2020, and at the High Court of Sabah and Sarawak at Kuching on 28 July 2020 (collectively "the Writs"), against PT CMS or other persons interested in the Vessel for claims on damages in relation to the breach and/or repudiatory breach and/or anticipatory repudiatory breach of the Charterparty and/or Settlement Agreement.

The hearing date for the Singapore Writ has been fixed on 10 September 2020. The Writ filed in Kota Kinabalu has been fixed for e-review on 28 August 2020 whereas the Writ filed in Kuala Lumpur has been fixed for case management on 10 August 2020 whilst the Writ filed in Kuching has been fixed for case management on 28 August 2020.

ENRA will make the necessary announcements on further developments of the above matter as and when necessary.



### 13 Significant related party transactions

The significant related party transactions during the current financial year to date is as follows:

	Cumulative Quarters	
	30 / 6 / 2020	30 / 6 / 2019
	RM'000	RM'000
i) Purchase of goods and services from non-controlling interest of subsidiary	(101)	895
ii) Provision of operation and maintenance (O&M) services from a non-controlling interest of subsidiaries	(410)	-
iii) Project management fee from a non-controlling interest of subsidiaries	(180)	-
iv) Interest charges on advances from a non-controlling interest of subsidiaries	(204)	(255)

### 14 Changes in material contingent liabilities or assets

There were no material contingent liabilities or contingent assets since the last financial year ended 31 March 2020 other than the corporate guarantees given by the Company in favour of its subsidiaries as follows:

- (i) Corporate guarantees for licenced financial institutions
- (ii) Corporate guarantee to subsidiaries' customer
- (iii) Corporate guarantee to subsidiaries' vendors

### 15 Capital commitments

The capital commitments as at the end of the financial period ended 31 March 2020 is as follows:

	As at	As at
	30 / 6 / 2020	30 / 6 / 2019
	RM'000	RM'000
<b>Approved and contracted for</b>		
- Purchase of property, plant and equipment	2,789	7,350
<b>Approved but not contracted for</b>		
- Purchase of property, plant and equipment	2,104	-

### 16 Review of performance

#### a) COVID-19 Pandemic

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed a Movement Control Order ("MCO") on 18 March 2020 and subsequently entered into a recovery phase that would last until 31 August 2020.

The extent of the financial impact on the Group and the Company is difficult to assess due to uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company have taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and business operations needs.

#### b) For the financial period under review, the Group's business activities were split into 3 segments:

- (i) The Group's property development division comprises projects in Malaysia and abroad.
- (ii) The Group's energy services division, entails the trading and supply of products like specialty chemicals, provision of logistics/ chartering, engineering, operation and maintenance services relating to the energy sector.
- (iii) The Group's investment holdings division comprises of holding of investment in subsidiaries, associate and joint venture as well as management services and provision of financial assistance for companies within the Group.

**ENRA GROUP BERHAD**

(Company No. 199201005296/ 236800-T)

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2020**

<u>Quarter</u>	<u>Revenue</u>			<u>Consolidated</u> RM'000
	<u>Property</u> <u>development</u>	<u>Energy</u> <u>services</u>	<u>Investment</u> <u>holdings and</u> <u>others</u>	
	RM'000	RM'000	RM'000	
<b><u>FY20/21:</u></b>				
Quarter 1	-	25,647	-	25,647
Cumulative quarter	-	25,647	-	25,647
<b><u>FY19/20:</u></b>				
Quarter 1	19,040	32,429	-	51,469
Quarter 2	13,625	28,460	-	42,085
Quarter 3	9,300	41,581	-	50,881
Quarter 4	9,997	72,214	-	82,211
Full financial year	51,962	174,684	-	226,646

<u>Quarter</u>	<u>(Loss)/Profit before taxation</u>			<u>Consolidated</u> RM'000
	<u>Property</u> <u>development</u>	<u>Energy</u> <u>services</u>	<u>Investment</u> <u>holdings and</u> <u>others</u>	
	RM'000	RM'000	RM'000	
<b><u>FY20/21:</u></b>				
Quarter 1	(300)	(830)	(2,200)	(3,330)
Cumulative quarter	(300)	(830)	(2,200)	(3,330)
<b><u>FY19/20:</u></b>				
Quarter 1	(16)	3,578	(2,835)	727
Quarter 2	94	3,623	(1,698)	2,019
Quarter 3	106	5,410	(2,195)	3,321
Quarter 4	(764)	6,403	(3,345)	2,294
Full financial year	(580)	19,014	(10,073)	8,361

**Q1 FY20/21 v Q1 FY19/20**

For the individual quarter ended 30 June 2020 ("Q1 FY20/21"), the Group revenue decreased by RM25.82 million due to lower contribution from both the Energy Services Division and none from the Property Development Division. The shortfall in revenue had resulted in loss before taxation ("LBT") of RM 3.33 million as compared to Q1 FY19/20's profit before taxation ("PBT") of RM0.73 million.

The Energy Services division recorded a LBT of RM0.83 million as compared to PBT of RM3.58 million in the same quarter in previous year due to a decline in revenue, and reduction in gross profit as a result of higher cost of sales and fair value loss on derivatives.

Meanwhile, there was no revenue recorded from Property Development Division as compared to the same quarter in last year. Q1 FY19/20's revenue was derived from sales of 1 unit of Portland Chambers's flats in London and 1 unit of Shamelin Star condominium. The absent of revenue has led the Property Development Division to a higher LBT of RM0.30 million as compared to LBT of RM0.16 million in the same quarter last year.

In short, the results of the Group are largely affected by Covid-19, with the deferment of revenue recognition on project/contract execution and additional procedures and costs to comply with domestic and international movement control orders.

**17 Material change in (loss)/profit before taxation compared to the immediate preceding quarter**

**Q1 FY20/21 v Q4 FY19/20**

For the financial quarter under review, the Group recorded a lower revenue of RM25.65 million from RM82.21 million in Q4FY19/20, mainly due to lower delivery of chemical products that depended on customers' scheduled usage. The decrease in revenue resulted in LBT of RM3.33 million as compared to PBT of RM2.29 million in the immediate preceding quarter, taking into account the unrealised hedging loss of RM0.94 million recognised in current quarter.

**18 Future prospects**

The prospects of the Group's business segments are as follows:

(a) Property development

For Property Development Division, the Group has successfully crossed a major milestone with the approval for enhanced planning for the development of the lifestyle retirement homes in Rugby, England. We are allowed to develop more living units after the approval was obtained. The Group's initiative towards developing affordable landed properties is off to a good start with the successful launch of its first project. We are positive with the future outlook of this property market segment.

(b) Energy services

For Energy Services division, FY20/21 is expected to be challenging due to Covid-19 pandemic and the lower global oil price forecasted to range bound USD40 per barrel. However, with aggressive marketing strategies, improvement in supply chain management and the new assets acquired in the last quarter of FY19/20, the Group anticipates FY20/21 performance for the segment to be satisfactory.

The Group will be focused on achieving our annual revenue target, operational improvement and cost management initiatives for the remainder of FY20/21.

**19 Profit forecast**

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

**20 (Loss)/Profit for the financial year**

	Cumulative Quarters	
	30 / 6 / 2020	30 / 6 / 2019
	RM'000	RM'000
Profit before taxation is arrived at after (crediting) / charging		
Interest income	(148)	(316)
Interest expense	775	337
Lease interest expense	69	772
Other income including investment income	(362)	(157)
Fair value changes on contingent consideration	(165)	(130)
Depreciation of property, plant and equipment	1,556	267
Depreciation of right of use assets	280	7,102
Amortisation of intangible assets	68	69
Fair value loss on derivatives	936	513
Written back of provision for impairment loss on trade receivables	-	(337)
Unrealised loss on foreign exchange	64	386
Realised gain from foreign exchange	(79)	(527)

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.

**21 Income tax expense**

	Individual Quarter		Cumulative Quarter	
	30 / 6 / 2020	30 / 6 / 2019	30 / 6 / 2020	30 / 6 / 2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	34	537	110	537
- overprovision for prior year	-	-	-	-
- deferred taxation	-	-	-	-
	34	537	110	537
Australian income tax :-				
- current taxation	76	-	76	-
	110	537	186	537

Although the Group's effective tax rate improved over time, it remains higher than the statutory tax rate as some companies registered loss before taxation and certain expenses are not allowable for tax deductions.

**22 Status of corporate proposals announced but not completed as at 18 August 2020**

- a) Proposed issuance of free warrants of the Company on the basis of 1 Warrant for every 3 existing ordinary shares of the company. ("Proposed Issuance of Free Warrants")

On 12 August 2020, the Group has announced a corporate proposal to issue up to 45,402,647 free warrant based on 1 free warrant for every 3 existing ordinary shares (excluding treasury shares) held by the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date ("Entitled Shareholders"). Upon exercise, each warrants will be converted into 1 new ordinary share at the exercise price to be determined by the Board.

On 14 August 2020, the appointed main adviser has, on behalf of the Company, submitted the Circular and the relevant documentation to Bursa for their review and approval. Currently, the Proposed Issuance of Free Warrants is pending approvals from Bursa Securities, the Shareholders of the Company at an Extraordinary General Meeting and any other relevant authorities and/or parties, if required for the completion of this proposal.

The rationale of the Proposed Issuance of Free Warrants are to reward the shareholders of the Company for their continuous support, the opportunity to further increase their equity participation in the Company and to further strengthen the capital base as well as potentially provide funds for the Group to finance its working capital requirement upon the exercise of the warrants.

The Proposed Issuance of Free Warrant is not expected to have any material effect on the earning of the Group for FYE 31 March 2021. However, there will be a corresponding dilution in the EPS of the Group as a results of the increase in the number of ENRA Shares in issue following the exercise of the warrants.

### 23 Goodwill

The carrying amount of goodwill arised from the acquisition of subsidiaries:

	<b>As at 30 / 6 / 2020</b>
	<b>RM'000</b>
75% of ENRA Engineering And Fabrication Sd. Bhd. ("EEFAB")	8,505
100% of International Chemicals Engineering Pty. Ltd. ("ICE")	4,004
51% of ENRA IOL Sdn. Bhd. ("EIOL")	401
51% of Abode Senior Living Limited ("ASLL")	24
51% of Q Homes Sdn. Bhd. ("Q Homes")	7
	<u>12,941</u>

Goodwill arising from these business combinations has been allocated for annual impairment testing purposes.

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 period.

### 24 Borrowings and debts securities

Total borrowings of the Group were analysed as follows :

	Short Term		Long Term		Total		Total Group RM'000
	Foreign currency RM'000	Malaysian Ringgit RM'000	Foreign currency RM'000	Malaysian Ringgit RM'000	Foreign currency RM'000	Malaysian Ringgit RM'000	
<b>As at 30 June 2020:</b>							
<b>Secured</b>							
Bank overdrafts	-	313	-	-	-	313	313
Term loans	10,005	18,409	2,776	33,430	12,781	51,839	64,620
Trade facilities	-	7,465	-	-	-	7,465	7,465
	<u>10,005</u>	<u>26,188</u>	<u>2,776</u>	<u>33,430</u>	<u>12,781</u>	<u>59,618</u>	<u>72,399</u>
<b>As at 30 June 2019:</b>							
<b>Secured</b>							
Bank overdrafts	-	1,205	-	-	-	1,205	1,205
Term loans	9,553	-	-	-	9,553	-	9,553
Trade facilities	-	7,242	-	-	-	7,242	7,242
	<u>9,553</u>	<u>8,447</u>	<u>-</u>	<u>-</u>	<u>9,553</u>	<u>8,447</u>	<u>18,000</u>

The increase in bank borrowings is mainly due to net drawdown of term loans and higher utilisation of trade facilities.

### 25 Derivatives

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

Details of the Group's derivatives financial instruments outstanding as at 30 June 2020 are as follows:

	<b>Currency</b>	<b>Nominal value '000</b>	<b>Fair value gain RM'000</b>
<b>As at 30 June 2020:</b>			
Forward currency selling contracts less than 1 year	GBP	1,867	(188)
Forward currency selling contracts less than 1 year	USD	88	(36)
Forward currency buying contracts more than 1 year	USD	12,079	(712)
<b>Net fair value loss</b>			<u>(936)</u>
<b>As at 30 June 2019:</b>			
Forward currency selling contracts less than 1 year	GBP	1,941	(513)
<b>Net fair value loss</b>			<u>(513)</u>

**26 Material impairment of assets**

There is no material impairment loss of assets recognised in the statement of profit and loss and other comprehensive income in the current quarter and comparative quarter except as disclosed in Note 20.

**27 Material litigation**

The Group is not engaged in any material litigation as at the date of issuance of this financial statements except as disclosed in Note 12(a).

**28 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 period, excluding any treasury shares held by the Company.

	Quarter Ended		Cumulative Quarter Ended	
	30 / 6 / 2020	30 / 6 / 2019	30 / 6 / 2020	30 / 6 / 2019
(Loss)/Profit attributable to equity holders of the Company (RM'000)	(2,710)	109	(2,710)	109
Weighted average number of ordinary shares in issue ('000)				
Total number of ordinary shares	136,208	136,208	136,208	136,208
Treasury shares	(1,289)	(1,289)	(1,289)	(1,289)
	<u>134,919</u>	<u>134,919</u>	<u>134,919</u>	<u>134,919</u>
Basic earnings per share (sen) :	<u>(2.01)</u>	<u>0.08</u>	<u>(2.01)</u>	<u>0.08</u>

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 30 June 2020.

**29 Status of utilisation of proceeds raised from corporate proposal**

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

**30 Dividends**

On 29 April 2020, the Board of Directors has declared a first interim single tier dividend of 1.25 sen per share in respect of FY19/20 amounting to RM1.69 million (FY18/19: RM4.05 million) which is recognised in FY20/21. The dividend was paid on 29 May 2020.

**By Order of the Board**  
**ENRA Group Berhad**