

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 / 9 / 2020 RM ' 000	As at 31 / 3 / 2020 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	99,526	87,085
Right of use assets	11,368	12,579
Deferred tax assets	250	225
Intangible assets	3,879	3,997
Goodwill on acquisitions	12,940	12,940
Contract cost assets	421	909
Trade receivables	1,230	320
	129,614	118,055
Current assets		
Inventories	50,984	49,476
Trade and other receivables	40,931	72,167
Derivative assets	796	225
Current tax assets	774	602
Cash and bank balances	32,941	53,613
	126,426	176,083
Non-current assets held for sale	-	-
TOTAL ASSETS	256,040	294,138
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	144,744	144,744
Redeemable convertible preference shares equity	2,886	2,886
Reserves	(28,858)	(25,805)
	118,772	121,825
Non-controlling interests	584	2,440
Total equity	119,356	124,265
Non-current liabilities		
Deferred tax liabilities	761	727
Trade and other payables	9,070	10,788
Borrowings	36,806	33,018
Leasing liabilities	2,567	2,722
Redeemable convertible preference shares liability	6,232	6,006
	55,436	53,261
Current liabilities		
Trade and other payables	42,788	45,819
Borrowings	37,153	69,124
Leasing liabilities	1,136	1,074
Current tax liabilities	171	595
	81,248	116,612
Total liabilities	136,684	169,873
TOTAL EQUITY AND LIABILITIES	256,040	294,138
Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)	0.88	0.90

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 2020 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD

(Company No. 199201005296/ 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarters	
	30 / 9 / 2020	30 / 9 / 2019	30 / 9 / 2020	30 / 9 / 2019
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Revenue	35,459	42,085	61,106	93,554
Cost of sales	(27,566)	(31,939)	(49,022)	(74,322)
Gross profit	7,893	10,146	12,084	19,232
Other operating income	248	303	837	893
Operating expenses	(5,865)	(7,757)	(13,131)	(15,597)
Profit/(Loss) from operations	2,276	2,692	(210)	4,528
Lease interest expense	(68)	(410)	(137)	(1,182)
Finance cost	(837)	(246)	(1,612)	(583)
Share of results of an associate	-	(17)	-	(17)
Profit/(Loss) before taxation	1,371	2,019	(1,959)	2,746
Taxation	(243)	(66)	(353)	(603)
Profit/(Loss) for the financial period	1,128	1,953	(2,312)	2,143
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(1,036)	(240)	(911)	(584)
Total comprehensive income /(loss) for the financial period	92	1,713	(3,223)	1,559
Profit/(Loss) attributable to:-				
Equity holders of the Company	1,537	703	(1,173)	812
Non-controlling interests	(409)	1,250	(1,139)	1,331
	1,128	1,953	(2,312)	2,143
Total comprehensive income/(loss) attributable to:-				
Equity holders of the Company	1,118	541	(1,367)	399
Non-controlling interests	(1,026)	1,172	(1,856)	1,160
	92	1,713	(3,223)	1,559
Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):				
(a) Basic	1.14	0.52	(0.88)	0.60
(b) Fully diluted	n/a	n/a	n/a	n/a

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2020 and the accompanying explanatory notes to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	←----- Attributable to equity holders of the Company ----->								Total Equity RM ' 000
	←----- Non-distributable ----->				Distributable				
	Share Capital RM ' 000	Redeemable Convertible Preference Shares RM ' 000	Capital Reserves RM ' 000	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000	(Accumulated Losses) RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	
Financial period ended 30 September 2020									
As at 1 April 2020	144,744	2,886	-	371	(1,199)	(24,977)	121,825	2,440	124,265
Loss for the financial period	-	-	-	-	-	(1,173)	(1,173)	(1,139)	(2,312)
Other comprehensive loss, net of tax	-	-	-	(194)	-	-	(194)	(717)	(911)
Total comprehensive loss	-	-	-	(194)	-	(1,173)	(1,367)	(1,856)	(3,223)
Dividends to equity holders of the Company	-	-	-	-	-	(1,686)	(1,686)	-	(1,686)
Total transactions with owners	-	-	-	-	-	(1,686)	(1,686)	-	(1,686)
As at 30 September 2020	144,744	2,886	-	177	(1,199)	(27,836)	118,772	584	119,356
Financial period ended 31 March 2020									
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	-	-	-	-	-	812	812	1,331	2,143
Other comprehensive loss, net of tax	-	-	-	(413)	-	-	(413)	(171)	(584)
Total comprehensive (loss)/income	-	-	-	(413)	-	812	399	1,160	1,559
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
Total transactions with owners	-	-	-	-	-	(4,048)	(4,048)	(44)	(4,092)
As at 30 September 2019	144,744	2,886	275	(360)	(1,199)	(26,920)	119,426	(1,083)	118,343

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 2020 and the accompanying explanatory notes to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarters ended	
	30 / 9 / 2020	30 / 9 / 2019
	RM ' 000	RM ' 000
Cash flows from operating activities		
(Loss)/Profit before taxation	(1,959)	2,746
Adjustments for non-cash items:		
Written back of provision for impairment loss on trade receivables	-	(338)
Depreciation of property, plant and equipment	3,631	547
Depreciation of right of use assets	496	9,846
Amortisation of intangible assets	117	138
Fair value (gain)/loss on derivatives	(591)	512
(Gain)/Loss on disposal of property, plant and equipment	(79)	-
Unrealised loss on foreign exchange	1,376	558
Unwinding of redeemable convertible preference shares discount	226	210
Fair value changes on contingent consideration	-	(126)
Share of results of an associate	-	17
Lease interest expense	137	1,182
Interest expense	1,612	583
Interest income	(158)	(589)
Operating profit before changes in working capital	4,808	15,286
Changes in working capital	20,947	22,562
Tax paid	(939)	(1,429)
Net cash generated from operating activities	24,816	36,419
Cash flows from investing activities		
Interest received	158	589
Placement of pledged deposits	(3,128)	(1,819)
Proceeds from disposal of property, plant and equipment	-	78
Acquisition of:		
- right of use assets	-	(2)
- property, plant and equipment	(13,799)	(1,200)
- subsidiaries, net of cash	-	(77)
Net cash used in investing activities	(16,769)	(2,431)
Cash flows from financing activities		
Interest paid	(1,612)	(583)
Dividends paid to:		
- equity holders of the Company	(1,686)	(4,048)
- non-controlling interests	-	(160)
Net (repayment)/repayment of borrowings	(29,901)	4,413
Repayment of lease liabilities	(426)	(12,769)
Net cash used in financing activities	(33,625)	(13,147)
Net (decrease)/ increase in cash and cash equivalents	(25,578)	20,841
Cash and cash equivalents at beginning of financial period	44,535	22,836
Effect of foreign currency exchange rate changes	59	(139)
Cash and cash equivalents at end of financial period	19,016	43,538
Cash and cash equivalents comprise:-		
Cash and bank balances	32,941	53,465
Less: Bank overdrafts	(1,719)	(1,662)
Deposits pledged to licensed banks	(12,206)	(8,265)
	19,016	43,538

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 2020 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 2020.

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 2020, 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:

Title:	Effective date for the financial period commencing on or after:
<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
<i>Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption for Applying MFRS 9</i>	17 August 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:

Title:	Effective date for the financial period commencing on or after:
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<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 101 Classification of liabilities as Current or Non-Current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<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 2020 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 period 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.

a) Free Warrants

The proposed issuance of up to 45,402,647 free warrants in the Company on the basis of 1 warrant for every 3 existing shares, with conversion of 1 warrant for 1 new share of an exercise price to be determined later by the Board, has been approved by the shareholders in the Extraordinary General Meeting ("EGM") on 25 September 2020. The entitlement date and the exercise price will be determined and announced later. Thus no free warrant has been issued to date.

b) Allotment and issuance of new shares under Section 75 and 76 of Companies Act 2016

The Shareholders have given the Directors the renewed mandate to allot and issue new shares up to 10% of the total number of existing issued shares from 25 September 2020 to the conclusion of the next Annual General Meeting ("AGM").

c) Shares Buy Back/ Treasury Shares

The Shareholders have given the Directors the renewed mandate to purchase its own shares from 25 September 2020 to the conclusion of the next AGM subject to:

- i) The aggregate number of shares purchased does not exceed 10% of the total number of shares at the time of purchase.
- ii) The maximum fund for the purchase shall not exceed the Company's retained earnings at the time of purchase.

As of 30 September 2020, 1.289 million treasury shares at RM1.199 million is held by the Company.

d) Employees' shares Scheme ("ESS")

In the EGM on 9 February 2018, the Shareholders have approved the ESS comprising Employees' Option Scheme ("ESOS") and Employees' Share Grant ("ESG") that came into effect on 12 February 2018 and shall be in force until 11 February 2023. The ESS may be extended by the Directors for a maximum of another 5 years. The maximum new shares to be issued is 15% of the existing shares. No ESS has been issued to date.

8 Dividends paid to equity holders of the Company

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

9 Revenue

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

	Cumulative Quarters	
	30 / 9 / 2020	30 / 9 / 2019
	RM'000	RM'000
Products and services:		
Sale of properties	-	32,666
Sale of trading goods	35,137	31,175
Leasing	17,432	16,962
Services rendered	8,537	12,751
	61,106	93,554
Timing of revenue recognition:		
At a point in time	35,137	64,160
Over time	25,969	29,394
	61,106	93,554

10 Segmental information

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 september 2020				
Revenue				
- External	-	61,106	-	61,106
Results				
Operating (loss)/profit	(260)	4,494	(4,603)	(368)
Interest income				158
Lease interest expense				(137)
Finance cost				(1,612)
Tax expense				(353)
Profit for the financial period				(2,312)
Earning before interest, tax, depreciation and amortisation	(173)	8,515	(4,307)	4,035
Financial period ended 30 September 2019				
Revenue				
- External	32,666	60,888	-	93,554
Results				
Operating profit/(loss)	288	8,412	(4,778)	3,922
Interest income				589
Lease interest expense				(1,182)
Finance cost				(583)
Tax expense				(603)
Profit for the financial period from continuing operations				2,143
Earning before interest, tax, depreciation and amortisation	609	18,886	(4,471)	15,042

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 Shareholders' Agreements in relation to investment in business ventures.

- (i) On 23 July 2020, a Deed of Termination was entered into between Emrail Sdn Bhd and ENRA Engineering & Construction Sdn Bhd ("EECSB") to mutually rescind and terminate the Shareholder Agreement dated 5 June 2017. Subsequent to the completion of the transfer of shares, EECSB has acquired the remaining 49% equity interest in EEmrail previously held by Emrail Sdn Bhd for RM49 in cash being the date, making EEmrail a wholly-owned subsidiary of EECSB with effect from 27 August 2020.
- (ii) On 21 October 2020, ENRA Oil & Gas Services Sdn Bhd ("EOGS") has entered into a Deed of Termination with AWT International (Decommissioning) Sdn Bhd ("AWT") to mutually rescind and terminate the Shareholders' Agreement dated 26 February 2016.

Following this, EOGS has acquired the balance of 49% shares in ENRA Nauticawt Sdn Bhd ("ENSB") from AWT for a cash consideration of RM54,033. ENSB has effectively become a wholly owned subsidiary of EOGS from 26 October 2020, being the date when the transfer of shares was completed.

(b) Internal reorganisation

Subsequent to 30 September 2020, the Company has made the following internal reorganisation in order to streamline and accommodate the future business strategy of the Group, whereby the dormant companies have been given new purposes under Property and Energy Services Divisions.

- (i) On 8 October 2020, EEmrail was effectively transferred from EECSB to Q Homes Sdn Bhd ("Qhomes"), a 51% owned indirect subsidiary of the Company for a cash consideration of RM100 and changed its name to BRP Homes Sdn Bhd on 14 October 2020.

ENRA GROUP BERHAD

(Company No. 199201005296/ 236800-T)

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

- (ii) On 19 October 2020, the Company has made an internal restructuring involving a transfer of 100% shares in ENRA Icon Sdn Bhd ("EICON") held by EOGS to Enra Land Sdn Bhd ("Eland") for a total cash consideration of RM100,000. EICON name was changed to Hamptons Homes Sdn Bhd on 23 October 2020.
- (iii) On 2 November 2020, EOGS has made a transfer of its 100% shares in ENSB to Enra Kimia Sdn Bhd ("EKSB") for a total cash consideration of RM105,033.

The changes of the composition of the Group above will not have any material effect on the financial position and substantial shareholding of ENRA Group for financial year ending 31 March 2021.

12 Legal claims 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").

ENRA GROUP BERHAD

(Company No. 199201005296/ 236800-T)

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

On 25 June 2019, the 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 a principal

With reference to Paragraph 12 (a) above, EEFAB filed an Originating Summons in the High Court in KL pursuant to Section 30(1) of CIPAA to apply for, inter alia, an order against the Government of Malaysia ("Government") for payment of the sum of RM3,864,054.80 as monies due and owing by the Government as the principal of the Project to Gemula (currently in liquidation) being the party against whom the Adjudication Decision was made, to be made directly to EEFAB only for the purpose of satisfying any amounts due and owing by Gemula to EEFAB under the Adjudication Decision. EEFAB had, on 27 August 2020, served the sealed Originating Summons on the Attorney General's Chambers.

The High Court has fixed the hearing date on 15 December 2020.

ENRA will announce any material developments of the above matter at the appropriate time.

c) Claim against ESPML and writ of summons (in rem) by ESPM and ESPML

On 22 July 2020, ENRA SPM Labuan Limited ("ESPML") a 60% 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, ESPML is 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" ("Defendant") 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.

Details of the Writs are as follows:

- i) ESPML claims against the Defendants is for damages (to be assessed) together with the interest and costs for various breaches and/or repudiatory breach of the BIMCO Standard Bareboat Charter "BARECON 2001" dated 16 October 2017 and a Mutual Agreement on Exit Terms dated 9 December 2019 and/or for the unlawful detention and/or conversion of the vessel and/or various property on board the said vessel.
- ii) ESPM's claim against the Defendant is for damages (to be assessed), together with interest and costs, for unlawful detention and/or conversion of the vessel and/or various property on board the said vessel.

On 6 November 2020, ESPML had filed its Response to PT CMS' Notice of Arbitration.

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 / 9 / 2020	30 / 9 / 2019
	RM'000	
i) Purchase of goods and services from non-controlling interest of subsidiaries	482	904
ii) Provision of operation and maintenance (O&M) services from a non-controlling interest of subsidiaries	3,511	1,718
iii) Project management fee from non-controlling interest of subsidiaries	682	677
iv) Interest charges on advances from a non-controlling interest of subsidiaries	414	438
v) Sales of goods and services to non-controlling interest of subsidiaries	(212)	-

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 what may or may not arise from the legal claims in Notes 12 (a), (b) and (c) and 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 quarter/period are as follows:

	As at 30 / 9 / 2020	As at 30 / 9 / 2019
	RM'000	RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	2,789	42,395
Approved but not contracted for		
- Purchase of property, plant and equipment	2,106	4,103

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 December 2020.

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 SECOND QUARTER ENDED 30 SEPTEMBER 2020

<u>Quarter</u>	<u>Revenue</u>			<u>Consolidated</u>
	<u>Property</u>	<u>Energy</u>	<u>Investment</u>	
	<u>development</u>	<u>services</u>	<u>holdings and</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>others</u>	<u>RM'000</u>
<u>FY20/21:</u>				
Quarter 1	-	25,647	-	25,647
Quarter 2	-	35,459	-	35,459
Cumulative quarter	-	61,106	-	61,106
<u>FY19/20:</u>				
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>
	<u>Property</u>	<u>Energy</u>	<u>Investment</u>	
	<u>development</u>	<u>services</u>	<u>holdings and</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>others</u>	<u>RM'000</u>
<u>FY20/21:</u>				
Quarter 1	(300)	(830)	(2,200)	(3,330)
Quarter 2	(246)	4,055	(2,438)	1,371
Quarter 3	-	-	-	-
Quarter 4	-	-	-	-
Cumulative quarter	(546)	3,225	(4,638)	(1,959)
<u>FY19/20:</u>				
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

Q2 FY20/21 v Q2 FY19/20

For the individual quarter ended 30 September 2020 ("Q2 FY20/21"), the Group revenue decreased by RM6.63 million due to no sales from the Property Development Division but cushioned by higher contribution from the Energy Services Division. The shortfall in revenue had resulted in lower profit before taxation ("PBT") of RM 1.37 million as compared to Q2 FY19/20's profit before taxation ("PBT") of RM2.02 million.

The Energy Services division recorded a higher PBT of RM4.06 million as compared to PBT of RM3.62 million in the same quarter of previous financial year due to higher revenue.

Meanwhile, there was no revenue recorded from Property Development Division as compared to the same quarter in last year. Q2 FY19/20's revenue of RM13.63 million was owing to the sales of one (1) unit of Portland Chambers's flat in London and 2 units of Shamelin Star condominium in Cheras, Kuala Lumpur. With no revenue, the Division has LBT of RM0.25 million as compared to PBT of RM0.094 million in the same quarter last year.

In short, Covid-19 caused 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 Q2 FY20/21

For the financial quarter under review, the Group recorded a higher revenue of RM35.46 million from RM25.65 million in Q1FY20/21, mainly due to higher delivery of chemical products, clearing deferment made by customers in Q1. The increase in revenue boosted PBT to RM1.37 million as compared to LBT of RM3.33 million in the immediate preceding quarter.

18 Future prospects

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

(a) Property development

Overall, the COVID-19 pandemic has certainly impacted the property industry, with challenges ranging from regulatory bottlenecks and logistical challenges, to homebuyers' purchasing power. However, Group Property Division remains positive about our chosen market segments. Under the Group's affordable housing brand, QHomes, its maiden project has commenced construction and we are on course to launch two more projects within the next 6 to 12 months. The Group is also embarking on a landed residential project in Seremban, to be launched under our mid-range brand, ENRA Land. On the international front, our lifestyle retirement development in Rugby is expected to clear final authority approvals by early next year.

(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 / 9 / 2020	30 / 9 / 2019
	RM'000	RM'000
Profit before taxation is arrived at after (crediting) / charging		
Interest income	(158)	(589)
Interest expense	1,612	583
Lease interest expense	137	1,182
Other income including investment income	(608)	(692)
Fair value changes on contingent consideration	-	(126)
Depreciation of property, plant and equipment	3,631	547
Depreciation of right of use assets	496	9,846
Amortisation of intangible assets	117	138
Fair value (gain)/loss on derivatives	(591)	512
Written back of provision for impairment loss on trade receivables	-	(338)
Unrealised loss on foreign exchange	1,376	558
Realised gain from foreign exchange	(71)	(539)

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 / 9 / 2020	30 / 9 / 2019	30 / 9 / 2020	30 / 9 / 2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	(25)	(27)	9	388
- overprovision for prior year	-	-	-	-
- deferred taxation	-	-	-	-
	(25)	(27)	9	388
Australian income tax :-				
- current taxation	268	93	344	215
	243	66	353	603

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 and Australia income tax rate is higher than Malaysia statutory tax rate.

ENRA GROUP BERHAD

(Company No. 199201005296/ 236800-T)

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

22 Goodwill

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

	As at 30 / 9 / 2020
	RM'000
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
	12,941

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.

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 RM'000	Malaysian Ringgit RM'000	Foreign currency RM'000	Malaysian Ringgit RM'000	Foreign currency RM'000	Malaysian Ringgit RM'000	
As at 30 September 2020:							
Secured							
Bank overdrafts	-	1,719	-	-	-	1,719	1,719
Term loans	10,143	13,079	2,788	34,018	12,931	47,097	60,028
Trade facilities	-	12,212	-	-	-	12,212	12,212
	10,143	27,010	2,788	34,018	12,931	61,028	73,959
As at 30 September 2019:							
Secured							
Bank overdrafts	-	1,662	-	-	-	1,662	1,662
Term loans	9,363	-	-	-	9,363	-	9,363
Trade facilities	-	10,008	-	-	-	10,008	10,008
	9,363	11,670	-	-	9,363	11,670	21,033

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

24 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 September 2020 are as follows:

	Currency	Notional value '000	Net Fair value gain/(loss) RM'000
As at 30 September 2020:			
Forward currency selling contracts less than 1 year	GBP	1,867	(188)
Forward currency selling contracts less than 1 year	EUR	734	(45)
Forward currency buying contracts more than 1 year	USD	10,403	824
Net fair value gain			591
As at 30 September 2019:			
Forward currency selling contracts less than 1 year	GBP	-	(512)
Net fair value loss			(512)

25 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.

26 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.

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 period, excluding any treasury shares held by the Company.

	Quarter Ended		Cumulative Quarter Ended	
	30 / 9 / 2020	30 / 9 / 2019	30 / 9 / 2020	30 / 9 / 2019
Profit/(Loss) attributable to equity holders of the Company (RM'000)	1,537	703	(1,173)	812
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>1.14</u>	<u>0.52</u>	<u>(0.88)</u>	<u>0.60</u>

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

28 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.

29 Dividends

On 29 April 2020, the Board of Directors has declared an 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.

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