

ENRA GROUP BERHAD
(Company No. 199201005296/ 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 / 06 / 2021 RM ' 000	As at 31 / 3 / 2021 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	97,109	100,524
Right of use assets	11,948	11,538
Deferred tax assets	243	247
Intangible assets	3,632	3,708
Goodwill on acquisitions	4,404	4,404
Contract cost assets	5,316	390
Trade receivables	513	123
	<u>123,165</u>	<u>120,934</u>
Current assets		
Inventories	73,819	63,853
Trade and other receivables	21,997	15,134
Contract assets	1,732	3,259
Derivative assets	441	553
Current tax assets	855	738
Cash and bank balances and short term funds	22,951	35,657
	<u>121,795</u>	<u>119,194</u>
TOTAL ASSETS	<u>244,960</u>	<u>240,128</u>
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
Treasury Shares	(1,199)	(1,199)
Non-distributable reserves	788	816
Reserves	(32,288)	(32,991)
	<u>114,931</u>	<u>114,256</u>
Non-controlling interests	5,433	3,965
Total equity	<u>120,364</u>	<u>118,221</u>
Non-current liabilities		
Deferred tax liabilities	871	704
Trade and other payables	-	13,658
Borrowings	8,070	8,393
Lease liabilities	2,741	1,739
Redeemable convertible preference shares liability	6,583	6,465
	<u>18,265</u>	<u>30,959</u>
Current liabilities		
Trade and other payables	54,794	35,891
Derivative liabilities	462	344
Borrowings	49,734	53,346
Lease liabilities	729	922
Current tax liabilities	612	445
	<u>106,331</u>	<u>90,948</u>
Total liabilities	124,596	121,907
TOTAL EQUITY AND LIABILITIES	<u>244,960</u>	<u>240,128</u>
Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)	<u>0.85</u>	<u>0.85</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2021 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 2021****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarters	
	30 / 06 / 2021	30 / 6 / 2020	30 / 06 / 2021	30 / 6 / 2020
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Revenue	22,235	25,647	22,235	25,647
Cost of sales	(12,748)	(21,456)	(12,748)	(21,456)
Gross profit	9,487	4,191	9,487	4,191
Other operating income	214	589	214	589
Operating expenses	(6,362)	(7,266)	(6,362)	(7,266)
Profit/(Loss) from operations	3,339	(2,486)	3,339	(2,486)
Lease interest expense	(38)	(69)	(38)	(69)
Finance cost	(870)	(775)	(870)	(775)
Profit/(Loss) before taxation	2,431	(3,330)	2,431	(3,330)
Taxation	(249)	(110)	(249)	(110)
Profit/(Loss) for the financial period	2,182	(3,440)	2,182	(3,440)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(39)	125	(39)	125
Total comprehensive (loss)/ income for the financial period	2,143	(3,315)	2,143	(3,315)
Profit/(Loss) attributable to:-				
Equity holders of the Company	703	(2,710)	703	(2,710)
Non-controlling interests	1,479	(730)	1,479	(730)
	2,182	(3,440)	2,182	(3,440)
Total comprehensive income/(loss) attributable to:-				
Equity holders of the Company	675	(2,485)	675	(2,485)
Non-controlling interests	1,468	(830)	1,468	(830)
	2,143	(3,315)	2,143	(3,315)
Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):				
(a) Basic	0.52	(2.01)	0.52	(2.01)
(b) Fully diluted	0.39	n/a	0.39	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 2021 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 2021

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	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000	Accumulated Losses RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	
Financial year ended 31 March 2022								
As at 1 April 2021	144,744	2,886	816	(1,199)	(32,991)	114,256	3,965	118,221
Profit for the financial year					703	703	1,479	2,182
Other comprehensive loss, net of tax			(28)			(28)	(11)	(39)
Total comprehensive (loss)/gain	-	-	(28)	-	703	675	1,468	2,143
As at 30 June 2021	144,744	2,886	788	(1,199)	(32,288)	114,931	5,433	120,364
Financial year ended 31 March 2021								
As at 1 April 2020	144,744	2,886	371	(1,199)	(24,977)	121,825	2,440	124,265
Loss for the financial year					(2,710)	(2,710)	(730)	(3,440)
Other comprehensive income/(loss), net of tax			225			225	(100)	125
Total comprehensive income/(loss)	-	-	225	-	(2,710)	(2,485)	(830)	(3,315)
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 June 2020	144,744	2,886	596	(1,199)	(29,373)	117,654	1,610	119,264

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 2021 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 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarters ended	
	30 / 06 / 2021	30 / 6 / 2020
	RM ' 000	RM ' 000
Cash flows from operating activities		
Profit/(Loss) before taxation	2,431	(3,330)
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,951	1,556
Depreciation of right of use assets	262	280
Amortisation of intangible assets	76	68
Fair value loss on derivatives	229	936
Gain on disposal of property, plant and equipment	74	-
Unrealised gain/(loss) on foreign exchange	(37)	64
Unwinding of redeemable convertible preference shares discount	118	110
Fair value changes on contingent consideration	(161)	(165)
Lease interest expense	38	69
Interest expense	870	775
Interest income	(209)	(148)
Operating profit before changes in working capital	5,642	215
Changes in working capital	(12,384)	34,393
Net tax paid	(43)	(299)
Net cash from operating activities	(6,785)	34,309
Cash flows from investing activities		
Interest received	209	148
(Placement)/Uplift of pledged deposits	(1,181)	8,475
Proceeds from disposal of property, plant and equipment	5	-
Acquisition of property, plant and equipment	(1,131)	(14,692)
Net cash used in investing activities	(2,099)	(6,069)
Cash flows from financing activities		
Interest paid	(870)	(775)
Dividends paid to equity holders of the Company	-	(1,686)
Net (repayment)/drawdown of borrowing	(3,924)	(30,057)
Repayment of lease liabilities	(309)	(287)
Net cash (used in)/from financing activities	(5,102)	(32,805)
Net decrease in cash and cash equivalents	(13,987)	(4,565)
Cash and cash equivalents at beginning of financial period	30,510	43,457
Effect of foreign currency exchange rate changes	(26)	130
Cash and cash equivalents at end of financial period	16,497	39,022
Cash and cash equivalents comprise:-		
Cash and bank balances	22,951	41,016
Less: Bank overdrafts	(1,710)	(313)
Deposits pledged to licensed banks	(4,744)	(1,681)
	16,497	39,022

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 2021 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 2021.

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 2021, 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 2021:

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 & MFRS 108 - Definition of Material</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>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early Adopt)
<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>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>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statement)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting estimates and Errors)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)</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 and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.

3 Qualification of auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2021 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.

On 23 December 2020, up to 45,402,647 free warrants has been issued on the basis of 1 Warrant for every 3 existing shares. The securities will be traded and quoted "[ex-bonus issue]" as from 22 December 2020 and the last date of lodgement was on 23 December 2020.

On 6 January 2021, the Board has determined that each Warrant entitles the holder of the warrant to subscribed for 1 new ENRA Share at the exercise price of RM1.00 at any time during the exercise period ("Exercise Period"), subject to any adjustment that may be made from time to time in accordance with the provisions of the deed poll constituting the Warrants dated 8 December 2020. Any Warrant not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

On 7 January 2021, the issuance of the Free Warrants has been completed following the listing of and quotation for 44,971,973 Warrants on the Main Market of Bursa Securities. The calculation of diluted earning per share arising from these free warrants is shown in Note 28.

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 June 2021, 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

There were no dividend paid during the current quarter ended 30 June 2021.

9 Revenue

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

	Cumulative Quarters	
	30 / 06 / 2021	30 / 6 / 2020
	RM'000	RM'000
Products and services:		
Sale of properties	392	-
Sale of trading goods	8,056	12,197
Leasing	8,397	8,793
Services rendered	5,390	4,657
	<u>22,235</u>	<u>25,647</u>
Timing of revenue recognition:		
At a point in time	8,448	12,197
Over time	13,787	13,450
	<u>22,235</u>	<u>25,647</u>

10 Segmental information

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 June 2021				
Revenue				
- External	392	21,843	-	22,235
Results				
Operating (loss)/profit	(281)	5,372	(1,961)	3,130
Interest income				209
Lease interest expense				(38)
Finance cost				(870)
Tax expense				(249)
Loss for the financial year				<u>2,181</u>
Earning before interest, tax, depreciation and amortisation	<u>(234)</u>	<u>7,574</u>	<u>(1,908)</u>	<u>5,432</u>

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 June 2020				
Revenue				
- External	-	25,647	-	25,647
Results				
Operating profit/(loss)	(161)	(301)	(2,172)	(2,634)
Interest income				148
Lease interest expense				(69)
Finance cost				(775)
Tax expense				(110)
Profit for the financial year				<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>

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) Non-Binding Indicative Offer ("NBIO") by ENRA Group Berhad ("ENRA") to acquire certain assets ("Identified Assets") from MTU Services (Malaysia) Sdn Bhd ("MSM") ("Proposed Acquisition") and lease the Identified Assets back to MSM ("Proposed Lease")

On 8 July 2021, ENRA has made an announcement on the issuance of NBIO to MSM for the Proposed Acquisition and the Proposed Lease. MSM has, on the same date, accepted the NBIO.

The Proposed acquisition of the Identified Assets consist of selected properties (together with building fixtures and fittings) ("Properties") as well as certain plant, equipment, inventories and machinery ("Selected Assets") owned by the vendor for an estimated total purchased consideration of RM60 million ("Estimated Consideration") to be satisfied by RM33 million in cash and the issuance of 27 million new ordinary shares of ENRA ("ENRA Share(s)") at an issue price of RM1.00 per ENRA Share.

Pursuant to the Proposed Acquisition, ENRA will enter into a rental arrangement(s) with Vendor for the Properties and Selected Assets for a period of up to 9 years, at RM3.3 million per annum or 18% of MSM's annual revenue, whichever is higher, on a triple net rental basis.

ENRA is also proposing for a collaborate with MSM to grow ENRA's existing MRO business under ENRA Energy Solutions Sdn Bhd, a wholly-owned subsidiary of ENRA, on terms to be mutually agreed.

ENRA has appointed relevant advisers in respect of the various proposal above. The definitive agreement(s) relating to the proposals are only expected to be entered into after satisfactory completion of the undertaken due diligence exercise, which may take up to 3 months to complete from the receipt of all required information/document from the MSM.

The NBIO will be terminated in the event of occurrence of any material adverse events, and/or both ENRA and Vendor are unable to reach an agreement on the terms of the Definitive Agreements and mutually agree to part ways.

The conditions precedent of the Proposed Acquisition, amongst others, are as follows:

- i) ENRA has raised funds (both internal and bank borrowings) for the Proposed Acquisition;
- ii) the approvals have been obtained from shareholders of ENRA, and Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other relevant authorities/governmental bodies or parties; and
- iii) any other conditions as may be determined by ENRA to be set out in the Definitive Agreements

ENRA will make the necessary announcement upon the execution of the Definitive Agreements.

- (b) Proposed divestment of entire issued share capital of ENRA Kimia Sdn Bhd ("ENRA KIMIA") by ENRA Energy Sdn Bhd ("ENRA Energy") ("Proposed Divestment").

On 23 July 2021, ENRA Energy, a wholly-owned subsidiary of ENRA had received a Letter of Offer ("LO") dated the same date from Hextar Global Berhad ("Hextar Global") (49%) and Ekopintar Sdn Bhd ("Ekopintar") (51%), (collectively the "Acquirors") for an acquisition of the entire issued share capital of its subsidiary, ENRA Kimia for a total cash consideration of RM50 million ("Purchase Consideration"). The offer was accepted on the same date subject to the finalisation of the terms and conditions and execution of the definitive agreement(s) and receipt of approvals from shareholders of ENRA, Bursa Securities and/or any other relevant authorities/governmental bodies or parties as may be required.

The Purchase Consideration is payable as follows;

- i) 10% (RM5 million) payable upon signing the definitive agreement (s) e.g. share sale agreement, etc. relating to the Proposed Divestment ("Definitive Agreements"); and
- ii) 90% (RM45 million) payable upon the date of completion of the Proposed Divestment ("Completion").

ENRA has clarified that Dato' Mazlin bin Md Junid ("Dato' Mazlin"), the current President and Group CEO of ENRA owns 50% of Ekopintar and is a Director of Ekopintar. As such, the Proposed Divestment is a related party transaction pursuant to interests of Dato' Mazlin in the Proposed Divestment. In this respect, and for the record, Dato' Mazlin did not attend nor participate in the Board meeting to consider the Proposed Divestment.

ENRA has appointed the relevant advisers (including Independent Adviser to advise minority shareholders) before the finalisation of the terms of the Definitive Agreements.

On 2 August 2021, ENRA Energy had entered into a share sale agreement ("SSA") to dispose its entire equity interest in ENRA Kimia to Hextar Global and Ekopintar for a cash consideration of RM50 million, subject to the adjustment as set out in the SSA.

The Proposed Divestment is conditional on approvals having been obtained from shareholders of ENRA, Bursa Securities and/or any other relevant authorities/governmental bodies or parties as may be required.

ENRA will make the necessary announcement upon the execution of the Definitive Agreements.

12 Legal claims during the year

a) Disputes between a contractor and ESPM Group

Arbitration on claim against ESPML

On 22 July 2020, ESPML, a 60% owned indirect subsidiary of the Company received from PT Cakra Manunggal Semesta ("PT CMS"), a Notice for Arbitration to commence arbitration proceedings at the Asian International Arbitration Centre, Kuala Lumpur.

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" and a Settlement Agreement dated 9 December 2019 between ESPML, PT CMS, ENRA SPM Sdn. Bhd. and Sea Trust Marine Pte Ltd, a related company to PT CMS ("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.

On 6 May 2021, PT CMS served its first memorial and related documents including Witness Statement and expert report on ESPML and claimed approximately USD5.57 million.

On 11 August 2021, ESPML served its first memorial together with the related documentary evidence including Witness Statement and expert report on PT CMS to defend itself and to counter claim for loss and damages (including fines and penalties) in the excess of USD10.00 million.

The discovery process is currently ongoing.

ESPML's solicitors advised that ESPML has valid and viable defences and a meritorious counterclaim on the facts. ESPML has therefore not made any provision for liabilities in respect of PT CMS's claims beyond what was already recognised up to the financial period ended 30 June 2021 nor recognised any asset arising from the counter claim against PT CMS.

Writ of summons (in rem) by ENRA SPM Sdn Bhd ("ESPM") and ENRA SPM Labuan Limited ("ESPML") against PT Cakra Manunggal

ESPML and ESPM had filed a Writ of Summons (in rem) at the High Court of the Republic of Singapore on 25 July 2020 against PT CMS and/or Demise Charterer of "MT BRATASENA" ("Vessel"), 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 "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. These Writs have either lapsed or will be allowed to lapse.

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

b) Claim against SPM Terminal Pty Ltd ("SPMT") as the 1st Respondent and ENRA SPM Labuan Limited ("ESPML") as the 2nd Respondent

On 11 January 2021, ESPML received from Controval USA LLC ("Controval") a Notice of Arbitration to commence arbitration proceeding following the rules of the Singapore International Arbitration Centre.

The alleged dispute arises out of a Purchase Order purportedly entered into between Controval and both Respondents relating to the engineering, procurement and fabrication of a Leased Automated Custody Transfer with 8" Coriolis Flow Meters unit installed on a condensate storing, offloading facilities belonging to ESPML known as "Ratu ENRA".

The Claimant is claiming a sum of USD381,211 allegedly for unpaid invoices under the Contract, interest on the amount awarded from 7 July 2020 until settlement of the award, all arbitration costs including the Claimant's representative's costs and expenses and such other amounts deemed appropriate by the Arbitral Tribunal.

ESPML served its Defence and Counterclaim on the 9th of July 2021. Controval served their Reply and Defence to Counterclaim on the 6th of August 2021. ESPML served its Rejoinder and Reply to Counterclaim on the 20 August 2021.

At this stage, the Company is unable to determine reliably the potential financial impact on the Group's results for the period ended 30 June 2021.

At this stage, the Company is unable to determine reliably the potential financial impact on the Group's results for the period ended 30 June 2021.

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 / 06 / 2021	30 / 6 / 2020
	RM'000	
i) Purchase of goods and services from non-controlling interest of subsidiaries	3,261	101
ii) Provision of operation and maintenance (O&M) services from a non-controlling interest of subsidiaries	1,695	410
iii) Project management fee from non-controlling interest of subsidiaries	210	180
iv) Interest charges on advances from a non-controlling interest of subsidiaries	45	204
v) Sales of goods and services to non-controlling interest of subsidiaries	(617)	-

In the 28th Annual General Meeting ("AGM") on 25 September 2020, the shareholders have given the mandate for the Group to enter into the recurring related parties transactions 13(i) and (ii) with the cumulative values not more than RM36.0 million and RM8.0 million respectively from 25 September 2020 to the next AGM. The other recurring related parties transactions are expected to be below the relevant thresholds, therefore does not need shareholders' approval.

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 2021 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	As at
	30 / 06 / 2021	30 / 6 / 2020
	RM'000	RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	-	2,789
Approved but not contracted for		
- Purchase of property, plant and equipment	678	2,104

16 Review of performance

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.

Quarter	Revenue			Consolidated
	Property development	Energy services	Investment holdings and others	
	RM'000	RM'000	RM'000	RM'000
FY21/22:				
Quarter 1	392	21,843	-	22,235
Full financial year	392	21,843	-	22,235
FY20/21:				
Quarter 1	-	25,647	-	25,647
Quarter 2	-	35,459	-	35,459
Quarter 3	489	23,436	-	23,925
Quarter 4	1,185	26,584	-	27,769
Full financial year	1,674	111,126	-	112,800

Quarter	(Loss)/Profit before taxation			
	Property	Energy	Investment	Consolidated
	development	services	holdings and	
	RM'000	RM'000	others	RM'000
<u>FY21/22:</u>				
Quarter 1	(479)	4,974	(2,064)	2,431
Full financial year	(479)	4,974	(2,064)	2,431
<u>FY20/21:</u>				
Quarter 1	(300)	(830)	(2,200)	(3,330)
Quarter 2	(246)	4,055	(2,438)	1,371
Quarter 3	(287)	3,721	(1,865)	1,569
Quarter 4	(441)	1,526	(4,094)	(3,008)
Full financial year	(1,274)	8,472	(10,597)	(3,398)
Excluding major exceptional items	30	8,505	-	8,535
Full financial year excluding exceptional items	(1,243)	16,977	(10,597)	5,137

Q1 FY21/22 v Q1 FY20/21

For the individual quarter ended 30 June 2021 ("Q1 FY21/22"), the Group's revenue decreased slightly by RM3.41 million due to lower contribution from the Energy Services Division. Despite the drop in revenue, the Group recorded a profit before taxation ("PBT") of RM2.43 million against Loss before taxation ("LBT") of RM3.33 million in Q1 FY20/21.

The Energy Services division recorded a 15% drop in revenue mainly due to postponement of orders despite a higher Maintenance, Repair and Overhaul ("MRO") revenue as compared to the same quarter last year. PBT of RM4.97 million was higher compared to last year as the FSO leasing business had incurred significantly higher costs during the vessel's change out in 1Q FY20/21.

For Property Development Division, a revenue of RM0.39 million is recognised in Q1 FY21/22 as compared to none in the same quarter last year, due to the contribution from our maiden project in Teluk Panglima Garang under Q Homes brand. The Division is still incurring a loss as a result of an increase in headcount to manage the increased number of projects in the pipeline.

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

Q1 FY21/22 v Q4 FY20/21

For the financial quarter under review, the Group recorded a lower revenue of RM22.24 million compared to RM27.77 million in Q4 FY20/21, mainly due to lower delivery of chemical products. However, the Group made a PBT of RM2.43 million as opposed to LBT of RM3.01 million in the previous quarter which was mainly due to the exceptional item of RM8.54 million (impairment of goodwill).

18 Future prospects

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

(a) Property Development Division

The general progress of our projects was affected by the prolong lockdown associated with EMCO during the start of FY21/22. However, on a positive note, despite the lockdown, we have managed to obtain planning approval for some of our projects. And we were also able to secure three (3) more plots of land for our affordable homes projects. Our overall outlook remains optimistic as we remain confident in our chosen market segments. However, progress in the short-term will still be largely tied to the progress of easing of restrictions on the economy due to the Covid pandemic.

(b) Energy Services Division

Despite the prolonged Covid-19 crisis, the Energy Services Division is expected to remain profitable in this new financial year, albeit with limited growth initially. In the downstream sector, refineries and petrochemical plants in Malaysia have continued to delay shutdowns and maintenance works in order to defer expenses. In the upstream sector too, there will be costs optimisation by the industry players. However, key marginal and brownfield related projects continue to progress and we expect such activities to start picking up in the current financial year. Our overall outlook remains positive.

The Group will focus on achieving our FY'21/22 revenue target, operational improvement and cost management initiatives.

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 / 06 / 2021	30 / 6 / 2020
	RM'000	RM'000
(Loss)/Profit before taxation is arrived at after (crediting) / charging		
Interest income	(209)	(148)
Interest expense	870	775
Lease interest expense	38	69
Other income including investment income	(54)	(362)
Fair value changes on contingent consideration	(161)	(165)
Depreciation of property, plant and equipment	1,951	1,556
Depreciation of right of use assets	262	280
Amortisation of intangible assets	76	68
Fair value loss on derivatives	229	936
Loss on disposal of property, plant and equipment	74	-
Unrealised (gain)/loss on foreign exchange	(37)	64
Realised loss/(gain) from foreign exchange	49	(79)

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 / 06 / 2021	30 / 6 / 2020	30 / 06 / 2021	30 / 6 / 2020
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	142	34	142	34
Australian income tax :-				
- current taxation	107	76	107	76
	249	110	249	110

The Group's effective tax rate improved over time. last year, the effective tax rate is 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.

22 Goodwill

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

	As at	As at
	30 / 06 / 2021	30 / 6 / 2020
	RM'000	RM'000
75% of ENRA Engineering And Fabrication Sd. Bhd. ("EEFAB")	-	8,505
100% of International Chemicals Engineering Pty. Ltd. ("ICE")	4,004	4,004
51% of ENRA IOL Sdn. Bhd. ("EIOL")	400	400
51% of Abode Senior Living Limited ("ASLL")	-	24
51% of Q Homes Sdn. Bhd. ("Q Homes")	-	7
	4,404	12,940

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	Malaysian Ringgit	Foreign currency	Malaysian Ringgit	Foreign currency	Malaysian Ringgit	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 30 June 2021:							
Secured							
Bank overdrafts	-	1,710	-	-	-	1,710	1,710
Term loans	10,934	24,216	2,935	5,135	13,869	29,351	43,220
Trade facilities	-	12,874	-	-	-	12,874	12,874
	10,934	38,800	2,935	5,135	13,869	43,935	57,804
As at 30 June 2020:							
Secured							
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	-	-	-	7,466	7,466
	10,005	26,187	2,776	33,430	12,781	59,618	72,399

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 June 2021 are as follows:

	<u>Currency</u>	<u>Notional value '000</u>	<u>Net Fair value gain/(loss) RM'000</u>
As at 30 June 2021:			
Forward currency selling contracts less than 1 year	GBP	1,867	(117)
Forward currency buying contracts more than 1 year	USD	4,714	(110)
Net fair value loss			<u>(228)</u>
As at 30 June 2020:			
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 selling contracts less than 1 year	USD	12,079	(712)
Net fair value loss			<u>(936)</u>

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.

Diluted earnings per share takes into account the maximum number of ordinary shares assuming all free warrants are converted into new ordinary shares.

	<u>Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	<u>30 / 06 / 2021</u>	<u>30 / 6 / 2020</u>	<u>30 / 06 / 2021</u>	<u>30 / 6 / 2020</u>
(Loss)/Profit attributable to equity holders of the Company (RM'000)	703	(2,710)	703	(2,710)
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>
Potential maximum shares from the warrants conversion to new shares	44,972	-	44,972	-
Potential maximum number of ordinary shares	<u>179,891</u>	<u>134,919</u>	<u>179,891</u>	<u>134,919</u>
Basic earnings per share (sen) :	0.52	(2.01)	0.52	(2.01)
Diluted earnings per share (sen) :	<u>0.39</u>	<u>n/a</u>	<u>0.39</u>	<u>n/a</u>

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

There were no dividend declared during the current quarter ended 30 June 2021.

By Order of the Board
ENRA Group Berhad