

# BUILDING STRONG FOUNDATION FOR CHANGE

Annual Report 2017

**ENRA**

Group Berhad (236800-T)

# VISION

THROUGH SHARED VALUES, INNOVATION AND TECHNOLOGY, ENRA WILL ENABLE ITS PEOPLE TO CREATE SUSTAINABLE ENTERPRISE VALUE IN A MANNER THAT IS RESPONSIBLE TO ITS STAKEHOLDERS, COMMUNITY AND ENVIRONMENT

## SHARED VALUES



### **ETHICAL**

TO MAKE  
DECISIONS  
THAT  
PROMOTE  
GOODNESS  
AND AVOID  
HARM

### **NOBLE**

TO BEHAVE  
IN A  
MANNER  
THAT IS  
RESPECTFUL  
TO OTHERS

### **RELIABLE**

TO KEEP  
AND  
DELIVER  
PROMISES  
THAT HAVE  
BEEN MADE

### **ACCOUNTABLE**

TO TAKE  
OWNERSHIP  
OF ALL  
OUTCOMES  
AND NEVER  
PASSING  
BLAME

ANNUAL GENERAL MEETING

# THE TWENTY-FIFTH (25<sup>TH</sup>) ANNUAL GENERAL MEETING

of ENRA Group Berhad will be held at Function Room 1 & 2, 1<sup>st</sup> Floor, Main Lobby, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Bhd), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 13 September 2017 at 10:00 a.m.

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## Cover Rationale :

The advent of dawn signifies a new era of growth for ENRA that can only be sustained with a strong and solid foundation built by our capable and committed workforce through change and transformation.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Ali bin Abdul Kadir**

*Chairman, Independent Non-Executive Director*

**Dato' Kamaluddin bin Abdullah**

*Executive Deputy Chairman*

**Dato' Mazlin bin Md Junid**

*President & Group Chief Executive Officer*

**Kok Kong Chin**

*Executive Director*

**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**

*Senior Independent Non-Executive Director*

**Datuk Anuar bin Ahmad**

*Independent Non-Executive Director*

**Dato' Wee Yiau Hin**

*Independent Non-Executive Director*

**Teo Chee Kok**

*Independent Non-Executive Director*

**Loh Chen Yook**

*Non-Independent Non-Executive Director*

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Datuk Ali bin Abdul Kadir**

*Chairman*

**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**

*Member*

**Datuk Anuar bin Ahmad**

*Member*

**Dato' Wee Yiau Hin**

*Member*

**Teo Chee Kok**

*Member*

## COMPANY SECRETARY

**Cheong Lisa**

MAICSA 7009457

## SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.

Lot 10, The Highway Centre

Jalan 51/205

46050 Petaling Jaya

Selangor Darul Ehsan

Tel: 03-77843922

Fax: 03-77841988

## REGISTERED OFFICE

D2-U3-10, Block D2

Solaris Dutamas

No. 1, Jalan Dutamas 1

50480 Kuala Lumpur

Tel: 03-2300 3555

Fax: 03-2300 3550

Email: [info@enra.my](mailto:info@enra.my)

Website: [www.enra.my](http://www.enra.my)

## AUDITORS

BDO (AF:0206)

Level 8

BDO @ Menara CenTARa

360 Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

## PRINCIPAL BANKERS/LENDERS

Hong Leong Bank Berhad

CIMB Bank Berhad

Malayan Banking Berhad

Bank Islam Malaysia Berhad

AmBank (M) Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Code: 8613

Stock Name: ENRA

## BOARD NOMINATION AND REMUNERATION COMMITTEE

**Datuk Anuar bin Ahmad**

*Chairman*

**Datuk Ali bin Abdul Kadir**

*Member*

**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**

*Member*

**Teo Chee Kok**

*Member*

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth (25<sup>th</sup>) Annual General Meeting of ENRA Group Berhad ("Company") will be held at Function Room 1 & 2, 1<sup>st</sup> Floor, Main Lobby, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Bhd), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 13 September 2017 at 10:00 a.m for the following purposes:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1 of the Explanatory Notes)*
2. To approve the payment of fees amounting to RM400,333 to the Non-Executive Directors for the financial year ended 31 March 2017 (2016: RM327,333). *(Ordinary Resolution 1)*
3. To approve the payment of the following fees and benefits payable to the Non-Executive Directors of the Company: *(Ordinary Resolution 2)*
  - (i) Directors' fees in respect of the period from 1 April 2017 until the conclusion of the next Annual General Meeting of the Company of up to RM620,000; and
  - (ii) benefits in respect of the period from 31 January 2017 until the conclusion of the next Annual General Meeting of the Company of up to RM180,000.
4. To re-elect Tan Sri Dato' Seri Shamsul Azhar bin Abbas who retires in accordance with Article 76 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 3)*
5. To re-elect Datuk Anuar bin Ahmad who retires in accordance with Article 76 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 4)*
6. To re-elect Dato' Mazlin bin Md Junid who retires in accordance with Article 76 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 5)*
7. To re-elect Dato' Wee Yiau Hin @ Ong Yiau Hin who retires in accordance with Article 83 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 6)*
8. To re-appoint Messrs. BDO as Auditors of the Company for the financial year ending 31 March 2018 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

## AS SPECIAL BUSINESS

To consider and if thought fit, pass the following as Ordinary Resolutions:

9. **Proposed renewal of authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016** *(Ordinary Resolution 8)*

"THAT subject always to the Companies Act, 2016, the Constitution (Articles of Association) of the Company and approval of governmental and/or regulatory authorities (if any), the Directors of the Company be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and from time to time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

## • NOTICE OF ANNUAL GENERAL MEETING

### 10. Proposed Authority for the Company to Buy-Back its Own Shares

*(Ordinary Resolution 9)*

“THAT subject always to the Companies Act 2016, the provisions of the Constitution (Memorandum and Articles of Association) of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- (a) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of the purchase(s) and if the Company ceases to hold all or part of such shares purchased as a result of, amongst others, cancellation, re-sale and/or distribution of the shares purchased, the Company may further purchase such additional shares provided that the total number of additional shares purchased together with such shares still held/retained as treasury shares (if any) does not, in aggregate, exceed ten per centum (10%) of the total number of issued shares of the Company at the time of the purchase(s); and
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

THAT the Directors of the Company be and are hereby authorised, at their absolute discretion, to deal with the shares so purchased by retaining the shares purchased as treasury shares or cancelling the shares or retaining part of the shares so purchased as treasury shares and cancelling the remainder.

THAT the authority conferred by this resolution shall commence upon the passing of this ordinary resolution and continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT authority be and is hereby given to the Directors of the Company to do all acts and things as are necessary to give full effect to the purchase by the Company of its own shares with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may deem fit and expedient in the interests of the Company or as may be imposed by the relevant authorities.”

11. To transact any other business of which due notice shall have been given.

By Order of the Board

CHEONG LISA (MAICSA 7009457)  
Company Secretary  
Kuala Lumpur  
21 July 2017



**NOTES:**

**PROXY:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 6 September 2017 (General Meeting Record of Depositors) shall be eligible to attend and vote at this Twenty-Fifth Annual General Meeting ("25<sup>th</sup> AGM") or appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. Where a member is an authorised nominee, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.
5. The Form of Proxy must be completed, signed and deposited at the office of the Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or adjourned meeting.

**EXPLANATORY NOTES ON ORDINARY BUSINESS:**

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Non-Executive Directors' Remuneration

With the enforcement of Section 230(1) of the Companies Act, 2016 effective 31 January 2017, a listed company is required to table, amongst others, the fees of the directors and any benefits payable to directors of a listed company and its subsidiaries for shareholders' approval at a general meeting. In this respect, the Board agreed that shareholders' approval shall be sought at the 25<sup>th</sup> AGM of the Company on the remuneration for the Non-Executive Directors ("NEDs") in two separate resolutions as follows:

- Ordinary Resolution 1 on payment of NEDs' fees in respect of the financial year ended 31 March 2017 amounting RM400,333; and
- Ordinary Resolution 2 on payment of NEDs' fees in respect of the current financial year from 1 April 2017 until the conclusion of the Twenty-Sixth Annual General Meeting ("26<sup>th</sup> AGM") of the Company in 2018 and benefits payable from 31 January 2017 until the conclusion of the 26<sup>th</sup> AGM of the Company in 2018.

The fees payable to the NEDs from 1 April 2017 until the conclusion of the 26<sup>th</sup> AGM of the Company in 2018 is estimated to be RM620,000 based on the same fee structure as the previous financial year and on the assumption that all NEDs will remain in office until the 26<sup>th</sup> AGM. The NEDs' benefits comprise only the meeting allowances for attendance of Board and Board Committee meetings. Meeting allowances are paid on a per day of attending meeting(s) irrespective of the number of Board and/or Board Committee meetings held on that day. The benefits for the NEDs from 31 January 2017 until the conclusion of the 26<sup>th</sup> AGM of the Company in 2018 is estimated at RM180,000 based on the estimated number of scheduled Board and Board Committee meetings and on the assumption that all NEDs will remain in office until the 26<sup>th</sup> AGM. Total meeting allowances for the financial year ended 31 March 2017 amounted to RM112,000.

The relevant fees and meeting allowances will be paid to the NEDs upon completion of service by the NEDs.

## • NOTICE OF ANNUAL GENERAL MEETING

### 3. Re-appointment of Auditors

The Audit and Risk Management Committee (“ARMC”) was satisfied that, based on the annual assessment conducted, Messrs BDO meets the criteria as prescribed under Paragraph 15.21 of the Main Market Listing Requirements. The Board at its meeting held on 15 June 2017 agreed with the recommendation from the ARMC for shareholders’ approval to be sought at the 25<sup>th</sup> AGM on the re-appointment of Messrs BDO as external auditors of the Company for the financial year ending 31 March 2018.

## EXPLANATORY NOTES ON SPECIAL BUSINESS:

### 1. Authority to allot and issue shares

The Company had, during its Twenty-Fourth (24<sup>th</sup>) Annual General Meeting held on 11 August 2016, obtained its shareholders’ approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 (since repealed). At the date of this notice, the Company has not issued any shares pursuant to this mandate obtained.

The Ordinary Resolution 8 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016. The mandate, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as they consider would be in the interest of the Company, including for repayment of bank borrowings, general working capital and raising funds for investments and/or acquisitions. This authority, unless revoked or varied at a general meeting, will expire at the 26<sup>th</sup> AGM..

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders’ approval so as to avoid incurring additional cost and time.

### 2. Proposed Share Buy-Back Authority

The proposed Ordinary Resolution 9, if passed, would empower the Directors of the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company at the time of the purchase(s).

The authority, unless revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, will expire at the conclusion of the 26<sup>th</sup> AGM of the Company or the expiration of the period within which the 26<sup>th</sup> AGM is required by law to be held, whichever occurs first.

Further information on this proposal is set out in the Circular to Shareholders dated 21 July 2017 which is despatched together with the Company’s Annual Report.

## PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



# STATEMENT ACCOMPANYING NOTICE OF 25<sup>TH</sup> ANNUAL GENERAL MEETING

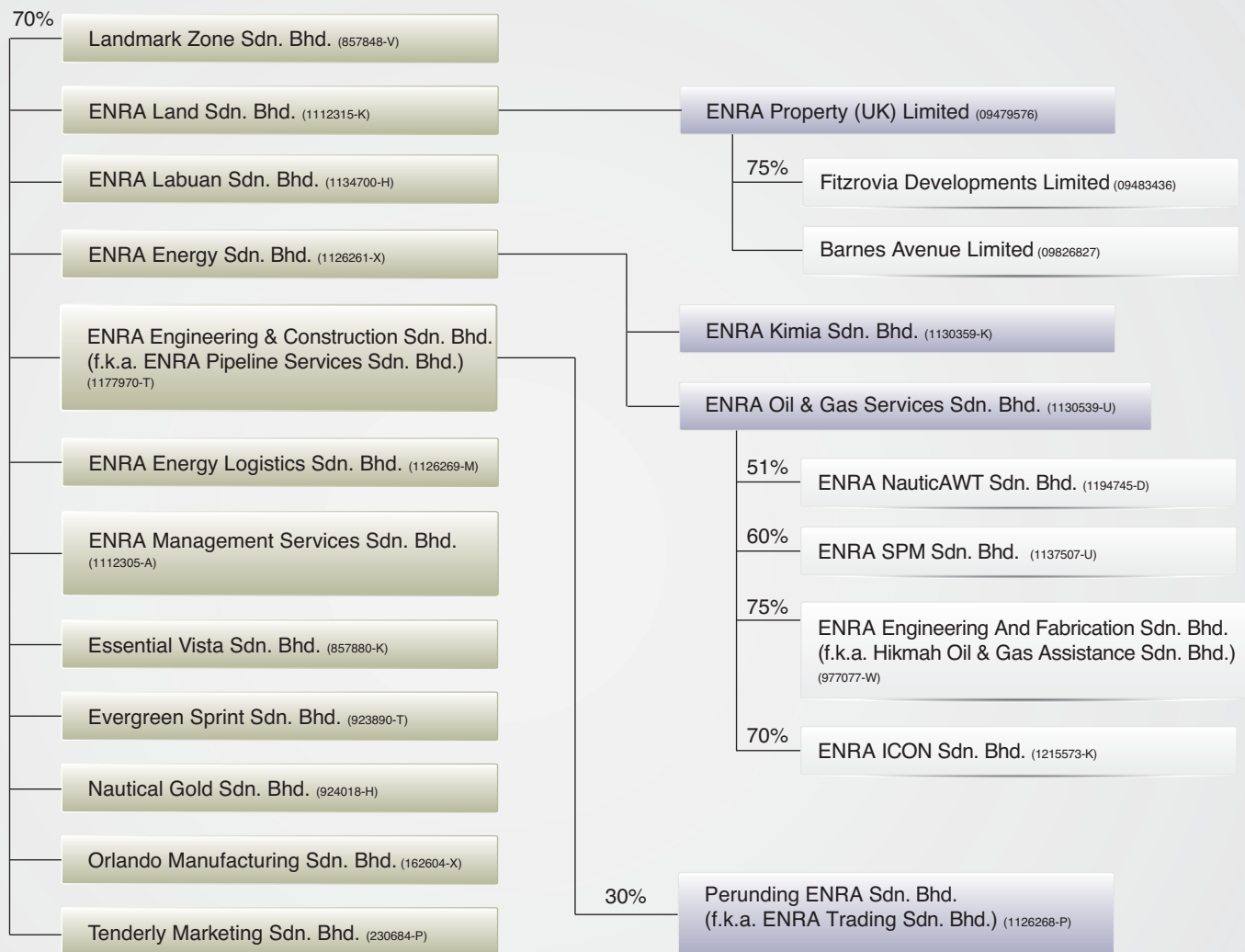
(Pursuant to Paragraph 8.27 (2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

- 1) The Directors retiring and seeking re-election pursuant to Article 76 of the Company's Constitution (Articles of Association) at the 25<sup>th</sup> Annual General Meeting ("25<sup>th</sup> AGM") are:
  - i. Tan Sri Dato' Seri Shamsul Azhar bin Abbas;
  - ii. Datuk Anuar bin Ahmad; and
  - iii. Dato' Mazlin bin Md Junid.
- 2) The Director retiring and seeking re-election pursuant to Article 83 of the Company's Constitution (Articles of Association) at the 25<sup>th</sup> AGM is:
  - i. Dato' Wee Yiau Hin @ Ong Yiau Hin
- 3) The profiles of the above Directors are set out in the section entitled "Board of Directors' Profile" on pages 13 to 19 of this Annual Report. The details of the Directors' shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on pages 146 to 148 of this Annual Report.
- 4) Details of the proposed renewal of the general mandate for the Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 in accordance with Paragraph 6.03 (3) of Bursa Malaysia Securities Berhad Main Market Listing Requirements are set out in the Explanatory Notes on Special Business of the Notice of the 25<sup>th</sup> AGM on page 6 of this Annual Report.

# CORPORATE STRUCTURE

as at 15 June 2017

**ENRA** Group Berhad (236800-T)



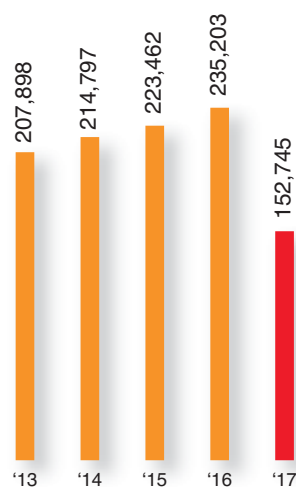
Notes:  
Unless stated otherwise, all entities are 100% owned by ENRA Group Berhad

# FIVE-YEAR FINANCIAL HIGHLIGHTS

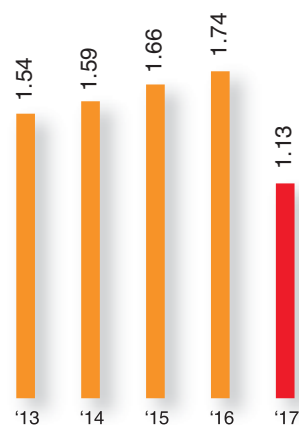
	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017
Revenue (RM'000)	29,354	66,300	82,935	122,309	179,338
Gross profit (RM'000)	22,198	31,267	16,033	35,714	54,973
EBITDA (RM'000)	13,904	20,139	9,955	22,599	29,848
PATAMI (RM'000)	2,380	6,899	8,665	9,361	11,930
EPS (sen)	1.76	5.11	1.03	6.93	8.84
Shareholders equity (RM'000)	207,898	214,797	223,462	235,203	152,745
Net assets per share (RM)	1.54	1.59	1.66	1.74	1.13

The revenue, gross profit, EBITDA, PATAMI and EPS of the financial years have been restated to be comparable with the presentation of results from continuing operations in the financial year ended 31 March 2017.

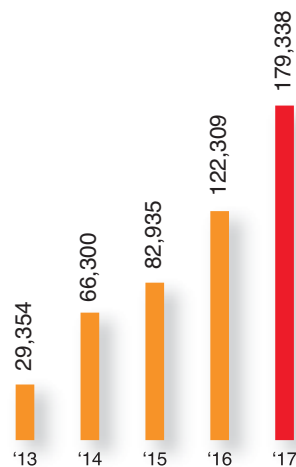
**Shareholders' equity**  
(RM' 000)



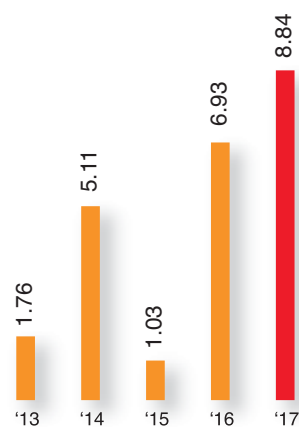
**Net assets per share**  
(RM)



**Revenue**  
(RM' 000)



**Earnings per share**  
(sen)



EBITDA stands for Earnings before interest, tax, depreciation and amortisation

PATAMI stands for Profit after tax and minority interests

EPS stands for Earnings per share

# CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF ENRA GROUP BERHAD, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017.



This financial year marks the first full year of operations for the new Board of Directors and Management team since the completion of a take-over from the substantial shareholders in early 2015. I am pleased to note that ENRA Group Berhad ("ENRA" or the "Group") has been able to demonstrate growth and diversification over these two years. Our revenue in financial year ended ("FYE") 31 March 2017 has increased to RM179.3 million from RM122.3 million the previous year, and profit after tax from continuing operations has increased to RM19.5 million from RM14.8 million the previous year. This growth is partially contributed by the oil and gas ("O&G") division that now contributes 33% of revenue in FYE 31 March 2017.

I am also pleased that the management has put in place the necessary organisational tools and processes needed to operate a diverse public listed company and we will strive for continuing improvement in all operational and regulatory aspects. From these efforts of foundation building, the Group now has two core divisions, property and O&G.

Our property division has been the primary contributor to ENRA's revenue and profitability for the past two financial years. Shamelin Star's construction has been completed and the handover of the sold units (95% of the entire development) has successfully concluded. We are confident that we will be able to sell all of the remaining units as our development is realistically priced and strategically located. We are evaluating more property development opportunities in Malaysia and in key cities across England. ENRA is also actively refining development ideas for the Labuan land that is in the process of being acquired.

We look forward to more growth for the O&G services division, especially when the Pengerang Integrated Petrochemical Complex ("PIPC") in Johor begins operations. ENRA Kimia Sdn. Bhd.'s ("ENRA Kimia") principal products have a long track record of being utilized in the downstream oil and gas industry, and as such ENRA Kimia is a prime candidate to serve the needs of the O&G industry in the PIPC. Furthermore, as the Group has no legacy O&G assets or liabilities, we are strategically positioned to propose cost-effective solutions to the industry with our portfolio of partners.

The long-term growth prospects of ENRA are of importance to the Board. As such, the Board has agreed with management's proposal to realise cash from businesses and/or assets with limited growth and redeploy such cash into businesses and/or assets with more attractive growth prospects. This has culminated in the proposed divestment of ENRA's investment properties, namely our 60 strata titles in Holiday Plaza in Johor Bahru and 6 strata titles in Shamelin Business Centre in Cheras for a consideration of RM85.2 million ("Investment Properties"). We are confident that this divestment exercise will be a catalyst to ENRA's expansion. Due to the ageing nature of our Investment Properties and the increasing supply of office and retail space in Johor, we took note that the Investment Properties have limited growth and increasing competition even with additional capital investment for refurbishment. In the long run, a more optimum deployment of capital in our existing and other businesses can enhance the Group's profit potential.

On behalf of the Board, I would like to extend my gratitude to the current Management and staff for their various efforts in preparing us for our next phase of growth. I urge us to maintain this commitment and hard work as the journey of developing prosperity and success is an ongoing process.

Thank you.

Datuk Ali bin Abdul Kadir  
Chairman  
30 June 2017

# BOARD OF DIRECTORS



*standing from left to right*

**LOH CHEN YOOK**

Non-Independent Non-Executive Director

**TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS**

Senior Independent Non-Executive Director

**KOK KONG CHIN**

Executive Director

**DATO' WEE YIAW HIN**

Independent Non-Executive Director

**TEO CHEE KOK**

Independent Non-Executive Director

*sitting from left to right*

**DATO' KAMALUDDIN BIN ABDULLAH**

Executive Deputy Chairman

**DATUK ANUAR BIN AHMAD**

Independent Non-Executive Director

**DATUK ALI BIN ABDUL KADIR**

Chairman, Independent Non-Executive Director

**DATO' MAZLIN BIN MD JUNID**

President & Group Chief Executive Officer



# BOARD OF DIRECTORS' PROFILE

## **DATUK ALI BIN ABDUL KADIR**

*Chairman, Independent Non-Executive Director  
Malaysian, Male, Age 68*

Datuk Ali was appointed to the Board as Chairman on 1 June 2015. He is also the Chairman of the Audit and Risk Management Committee and a member of the Board Nomination and Remuneration Committee. Datuk Ali is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA"). He is also currently Honorary Advisor to ICAEW-KL City Chapter, Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK) and the Malaysian Institute of Directors.

He is currently the Chairman of JcbNext Berhad (formerly known as Jobstreet Corporation Berhad) and Privasia Technology Berhad. He is a Board Member of Glomac Berhad, Ekuiti Nasional Berhad, Citibank Berhad, Tropical Rainforest Conservation and Research Centre Bhd, Yayasan Kadir Dan Fatimah and the Labuan Financial Services Authority.

He served as Chairman of the Securities Commission of Malaysia from 1 March 1999 until 29 February 2004. During his tenure, he also sat on the Main Committee of International Organization of Securities Commission, and was elected as Chairman of Asia Pacific Regional Committee and Islamic Capital Market Working Group. Prior to his appointment to the Securities Commission, he was the Executive Chairman and Partner of Ernst & Young and its related firms (1975-1999).

He was also the former President of the MICPA, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed as an Adjunct Professor in the Accounting and Business Faculty, University of Malaya (2008 to 2011) and was then appointed to the Advisory Board of the Faculty, to date.

In 2012, he was bestowed the Lifetime Achievement Award by ICAEW - KL City Chapter, and the President's Award by MICPA. He was also bestowed the Perwira Jasa Negara by the Yang Di Pertuan Agong in 2001.

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all eight Board meetings held during the financial year under review.

## **DATO' KAMALUDDIN BIN ABDULLAH**

*Executive Deputy Chairman  
Malaysian, Male, Age 50*

Dato' Kamaluddin was appointed to the Board on 20 April 2015 as a Non-Independent Non-Executive Director. He was redesignated as Executive Deputy Chairman of the Company on 1 June 2015. He is also the Chairman of the Executive Committee. He graduated with a Bachelor of Arts (Hons) in Law from the University of Cambridge, United Kingdom. He is also a Barrister-at-law of the Middle Temple.

He started his career with the Sime Darby Group, a major multi-national company, based in Malaysia. During his five-year term with the Group, he served in the tyre manufacturing and plantations divisions covering the areas of marketing, corporate affairs, human resources, administration and legal affairs.

After his stint in Sime Darby, he joined Dewina Berhad, a diversified food group listed on Bursa Malaysia and served as its Group Executive Director. He was also a major shareholder of Dewina Berhad.

Dato' Kamaluddin is also a substantial shareholder of Scomi Group Berhad, a company listed on Bursa Malaysia, which is involved in the areas of oil field services, marine logistics and transportation engineering. He is also a Director of Scomi Oilfield Limited.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended seven out of eight Board meetings held during the financial year under review.

## • BOARD OF DIRECTORS' PROFILE

### **DATO' MAZLIN BIN MD JUNID**

*President & Group Chief Executive Officer*

*Malaysian, Male, Age 55*

Dato' Mazlin was appointed to the Board on 20 April 2015 as a Non-Independent Non-Executive Director. He was redesignated as President & Group Chief Executive Officer on 1 June 2015. He is a member of the Executive Committee.

He holds a Bachelor of Science Degree in Mechanical Engineering from the University of Brighton (formerly known as Brighton Polytechnic), Sussex, England and a Masters in Business Administration from Cranfield University, England.

He started his career in 1984 with Hicom Yamaha Manufacturing (M) Sdn. Bhd. as Assistant Manager of Operations to head the Planning, Operations and Production Control.

In 1987, he joined PA Consulting Group based in the United Kingdom as Senior Consultant and Regional Manager for the manufacturing sector. During his four year stint with PA Consulting Group, he was seconded to work in thirteen different organisations in the area of performance improvement and profit turnaround.

In 1992, he left PA Consulting Group and joined the Sime Darby Group as Managing Director of five companies. He ascended to the group level of the Sime Darby Group in 1995 as Group Manager.

From 1995-1997, he was a business partner of ASPAC Executive Search Sdn. Bhd. ("ASPAC"), a recruitment agency in Malaysia with operations in the United Kingdom, Australia and other Asian countries through affiliate offices.

After he divested his equity stake in ASPAC, he acquired a majority interest in SECA Dyme Sdn. Bhd. ("SECA"), a petrochemical supply company.

In 2007, he was appointed as the Executive Vice Chairman, President and Group Chief Executive Officer of Daya Materials Berhad ("DMB") after DMB acquired SECA. He resigned from the Board of DMB in August 2014. He was also formerly an Independent Non-Executive Director of Sapura Industrial Berhad, Sapura Technology Berhad, Metronic Global Berhad, an Independent Non-Executive Director and Chairman of the Audit Committee of MTD Infraperdana Berhad and an Executive Director-Corporate Affairs and Development in Reach Energy Berhad.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all eight Board meetings held during the financial year under review.

**KOK KONG CHIN**

*Executive Director*

*Malaysian, Male, Age 52*

Mr Kok was appointed to the Board on 26 February 2016 as a Non-Independent Non-Executive Director. He was redesignated as an Executive Director of the Company on 1 August 2016. He is a member of the Executive Committee.

He graduated from the National University of Malaysia with a BBA (Hons) Degree and holds an MBA from Schulich School of Business, York University, Canada. He has also completed the Cambridge Advanced Leadership Programme by Judge Business School, University of Cambridge.

He has over twenty five years of banking experience particularly in the areas of corporate and investment banking, private equity, finance and treasury. He also has extensive general management experience including managing a public listed company and cross border business divisions.

He was Group Managing Director of Tropicana Corporation Berhad from March 2014 to February 2016. During his tenure, he was a member of the Group Executive Committee and a board member of several Tropicana Group's subsidiaries and joint venture companies.

He was an independent director of Ping Petroleum Ltd., an independent upstream company focused on shallow water offshore production and development in South East Asia and the North Sea from June 2012 to June 2015.

Prior to joining Tropicana, he was with CIMB Group for over 10 years where he held several senior positions including Head of Regional Banking, Co-Head of Investment Banking and Head of Equity Markets and Derivatives during his tenure. Prior to joining CIMB, he was the Country Head of an Asian investment house affiliated to the Mitsubishi UFJ Financial Group. He started his career in investment banking with AmlInvestment Bank Group.

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all eight Board meetings held during the financial year under review.

## • BOARD OF DIRECTORS' PROFILE

### **TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS**

*Senior Independent Non-Executive Director  
Malaysian, Male, Age 65*

Tan Sri Dato' Seri Shamsul Azhar was appointed to the Board on 15 June 2015. He is the Senior Independent Non-Executive Director of the Company. He is also a member of the Audit and Risk Management Committee and the Board Nomination and Remuneration Committee. He holds a Master's of Science in Energy Management from the University of Pennsylvania, United States of America, a Degree in Political Science from Universiti Sains Malaysia as well as a Technical Diploma in Petroleum Economics from Institute Francaise du Petrole in France.

He joined Petroliaam Nasional Berhad ("PETRONAS") in 1975 and served in various capacities during his 40 year tenure with the organization culminating in him becoming the Acting Chairman, President and Chief Executive Officer of PETRONAS and the Chairman of PETRONAS Carigali Sdn. Bhd. from 10 February 2010 to 31 March 2015.

During the tenure of his leadership he guided PETRONAS in undertaking strategic landmark projects (both for PETRONAS and Malaysia), such as the Pengerang Integrated Refinery and Petrochemical Project (RAPID), the Bintulu Train 9 project, the construction of 2 PETRONAS Floating LNG facilities and Malaysia's first Regasification terminal in Malacca. He also strengthened PETRONAS' position through the acquisition of Progress Energy Canada Ltd. and the development of shale gas to LNG via the Pacific North West LNG project. Under him, PETRONAS ranked 69th in The Fortune Global 500 rankings (the highest ever achieved) and became the world's 6<sup>th</sup> most profitable oil and gas company. During his 40 years with PETRONAS, he also led numerous milestone corporate developments, including the acquisition of Engen Limited, South Africa's leading refining and marketing company and the development of the Kerteh and Gebeng Integrated Petrochemical Complexes, Melaka Refinery Complex and the KLCC and Putrajaya township development projects.

He was the President/Chief Executive Officer of MISC Berhad from 1 July 2004 until 31 December 2008 and was its Chairman from February 2010 to 1 August 2011. He was also Chairman of several subsidiaries of MISC Berhad and director of several PETRONAS subsidiaries and associate companies.

He was Pro-Chancellor of Universiti Teknologi PETRONAS, a member of the Board of Trustees of the Razak School of Government (RSOG), Malaysia and the Chairman of the National Trust Fund of Malaysia.

For his services to the nation, he was conferred the "Panglima Setia Mahkota" award by the Yang DiPertuan Agong of Malaysia. He was also conferred the "Dato Paduka Seri Laila Jasa Yang Amat Berjasa Darjah Kedua" by His Majesty The Sultan of Brunei and the Honor du Merit by the Republic of France.

He is currently the Chairman of MMC Corporation Berhad and a Director of NCB Holdings Bhd.

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all eight Board meetings held during the financial year under review.

**DATUK ANUAR BIN AHMAD**

*Independent Non-Executive Director  
Malaysian, Male, Age 63*

Datuk Anuar was appointed to the Board on 1 June 2015. He is the Chairman of the Board Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. He graduated in 1977 with a Bachelor of Economics (Honours) from the London School of Economics and Political Science from University of London.

He started his career in 1977 with Petroliaam Nasional Berhad ("PETRONAS"). During his thirty six years of service with the PETRONAS Group, he held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management until his retirement in April 2014 where his last position held was as Executive Vice President of Gas and Power Business.

During his stint with PETRONAS Group, he was appointed as the Managing Director and Chief Executive Officer in PETRONAS Dagangan Berhad from 1998 to 2002. He was also a member of PETRONAS Management Committee and member of PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within PETRONAS Group. In 1997, between his years of service with the PETRONAS Group, he underwent a three month business management course under the Advanced Management Program at Harvard Business School.

Presently, he is an Independent Non-Executive Director of PETRONAS Dagangan Berhad and Senior Independent Non-Executive Director of E.A. Technique (M) Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all eight Board meetings held during the financial year under review.

## • BOARD OF DIRECTORS' PROFILE

### **DATO' WEE YIAW HIN**

*Independent Non-Executive Director  
Malaysian, Male, Age 59*

Dato' Wee was appointed to the Board on 24 August 2016. He is a member of the Audit and Risk Management Committee. He graduated as a Civil Engineer and holds a Masters of Science Degree from Imperial College, United Kingdom.

He has more than 30 years of experience in the oil and gas industry across the Exploration and Production ("E&P") and Gas and Liquefied Natural Gas ("LNG") value chain. His experience spans the Technical/Operational functions and Senior Management, Corporate and Board positions.

He had a successful career with top executive stints at oil majors in Malaysia and globally. He spent twenty one years in Shell in Malaysia and overseas where he took up a number of senior positions in countries including United Kingdom and South Africa. His last job with Shell was Vice President, Malaysia for Upstream International Asia and Managing Director of Shell Malaysia E&P Companies.

After a short period as Vice President for Talisman Energy, Malaysia where he spent some time in Canada, he joined Petroliaam Nasional Berhad ("PETRONAS") as Executive Vice President and Chief Executive Officer of Upstream Business in May 2010. He led the E&P, Gas and LNG businesses and operations in Malaysia and globally and also the Petroleum Management authority for Malaysia oil and gas resources. He was Executive Director and Executive Committee member of the board of PETRONAS Group. He chaired several of PETRONAS companies including Malaysia LNG companies, Progress Energy Canada Ltd. as well as Pacific Northwest LNG Canada. He retired from PETRONAS in April 2016.

Dato' Wee currently sits on the boards of Cagamas Berhad and Anton Oilfield Services Group which is listed on the Hong Kong Stock Exchange. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee as well as the Nomination Committee of Anton Oilfield Services Group.

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended five out of six Board meetings held during the financial year subsequent to his appointment.



**TEO CHEE KOK**

*Independent Non-Executive Director  
Malaysian, Male, Age 49*

Mr. Teo was appointed to the Board on 31 March 2014. He is a fellow member of the Association of Chartered Certified Accountants and a member of the MIA both since 1994. He is a member of the Audit and Risk Management Committee as well as the Board Nomination and Remuneration Committee.

He began his career in 1989 with an international public accounting firm based in Kuala Lumpur until 1993. Thereafter from 1994 to 1999, he joined a public listed group of companies with diverse business interest ranging from financial services to plantation. He has over fifteen years' experience in corporate finance and related activities. Presently, he also sits on the board of Sand Nisko Capital Berhad (formerly known as Len Cheong Holding Berhad).

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended seven out of eight Board meetings held during the financial year under review.

**LOH CHEN YOOK**

*Non-Independent Non-Executive Director  
Malaysian, Male, Age 63*

Mr. Loh was appointed to the Board on 1 June 2015. He was the Managing Director of the Company from year 2007 to year 2014. On 31 March 2014, he was redesignated from Managing Director to Non-Independent Non-Executive Director cum Group Adviser and later resigned on 20 April 2015. He was later re-appointed as Non-Independent Non-Executive Director on 1 June 2015.

He has over thirty years of experience in the property development, infrastructure, building construction as well as timber logging business. Currently, he is the Chairman of Karyon Industries Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

He has not been convicted for any offences within the past five years nor has he been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended seven out of eight Board meetings held during the financial year under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

We are pleased to conclude the financial year ended (“FYE”) 31 March 2017 as the first full year under a new Board of Directors and Management team. The previous FYE 31 March 2016 was ENRA Group Behad’s (“ENRA” or the “Group”) maiden year following the completion of a takeover by our Executive Deputy Chairman, Dato’ Kamaluddin bin Abdullah, and President & Group Chief Executive Officer, Dato’ Mazlin bin Md Junid, in early 2015.

Under the stewardship of our new Board of Directors and Management, ENRA has been actively seeking new business and investment opportunities in various areas to ensure the generation of new sustainable revenue streams. Consequently, the Group’s businesses have expanded into two revenue-generating divisions to-date, property and oil and gas (“O&G”) services.

For the property division, the completion of Shamelin Star in Cheras, Kuala Lumpur, the Group’s maiden project with gross development value of approximately RM350 million, is testimony of our capability as a property developer. Portland Chambers, in Central London with a Gross Development Value (“GDV”) of approximately £10 million is also the Group’s first new business effort in the property division under the new Management. The Group has been actively seeking new development opportunities domestically and abroad, and during FYE 31 March 2017, acquired a new 60-acre land to be reclaimed for development in Wilayah Persekutuan Labuan (“Labuan Land”).

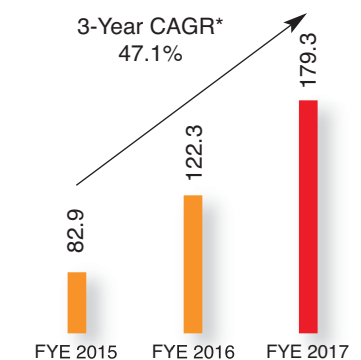
For the Group’s O&G services division the fledgling downstream specialist chemical business, ENRA Kimia Sdn. Bhd. (“ENRA Kimia”) was profitable despite only having commenced business approximately 20 months ago. We also completed the acquisition of ENRA Engineering and Fabrication Sdn. Bhd. (“EEFAB”) in May 2016 and efforts to improve its operations is still underway. Various joint-ventures and tie-ups were also entered into to provide ENRA with a platform for seeking out various business opportunities in the O&G sector, further details of which are set out in the O&G services division section.

To support this continuing expansion effort for the next financial year and beyond, Management has embarked on an exercise to divest limited growth assets, namely the Investment Properties (“Divestment Exercise”) so as to redeploy the realised proceeds into businesses and investments with better returns and growth prospects. Though this one-off exercise will result in a non-recurring fair value reduction of RM79.1 million, and impairment loss of RM7.8 million, the Group will raise approximately RM85.2 million which will reduce the Groups’ gearing from 0.4 times to 0.2 times, and provide RM46.7 million in additional net capital for redeployment into businesses and investments with better returns and growth prospects. The Group’s profit after tax and minority interest (“PATAMI”) excluding this one-off revaluation (“Normalised PATAMI”) remains positive and healthy at RM11.9 million. As a result of this exercise, the Group is expected to be in a financially stronger position to face the FYE 31 March 2018.

## FYE 2017 OVERALL FINANCIAL PERFORMANCE

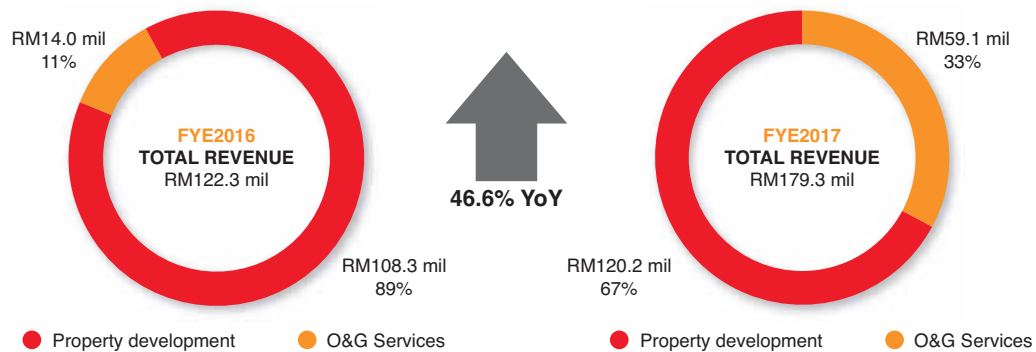
ENRA experienced an improvement in operational financial performance, with increases in revenue, operating profit and Normalised PATAMI from continuing sales of units and continuing construction progress in Shamelin Star as well as increasing revenue contribution from the O&G division (which now contributes substantially to the Group).

Revenue from continuing operations (RM million)

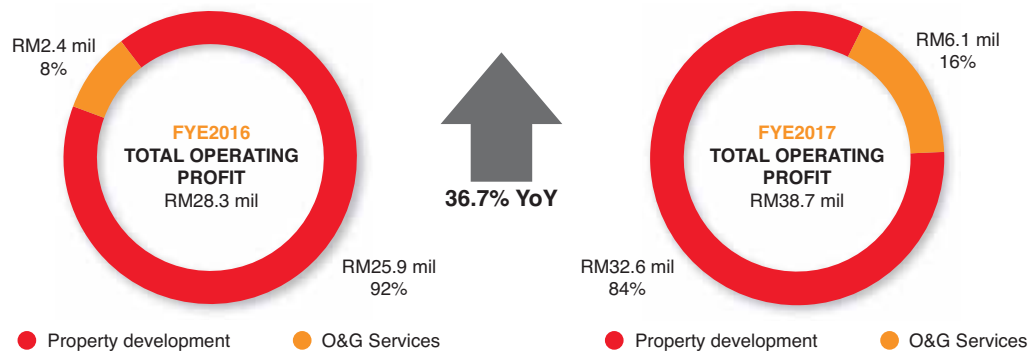


\* CAGR = Compound Annual Growth Rate

**Comparison of FYE 31 March 2016 and FYE 31 March 2017 Revenue Composition from Property Development and O&G Services**

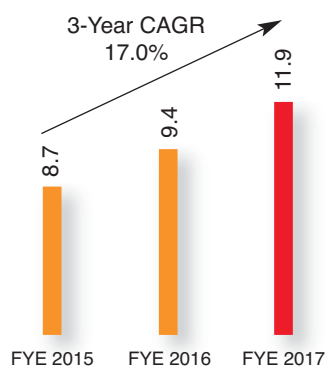


**Comparison of FYE 31 March 2016 and FYE 31 March 2017 Operating Profit from Property Development and O&G Services**



## • MANAGEMENT DISCUSSION AND ANALYSIS

**PATAMI from continuing operations (RM million)**



The Group's total operational expenditure increased from RM14.9 million in FYE 31 March 2016 to RM26.6 million in FYE 31 March 2017 in tandem with the Group's expanding revenue and taking into account the following factors:

- ENRA Kimia and ENRA Oil & Gas Services Sdn. Bhd.'s first full year of operations being consolidated in ENRA's financial statements;
- The completion of the acquisition of 75% of EEFAB in May 2016 which resulted in a consolidation of EEFAB's operational expenditure for a 10-month period in FYE 31 March 2017; and
- FYE 31 March 2017 being the first full year with a new full-fledged Management team.

### **FYE 2017 GROUP FINANCIAL POSITION OVERVIEW**

From a balance sheet and solvency perspective, ENRA remains strong and healthy. The Group's cash balance has increased from RM37.2 million as at 31 March 2016 to RM64.1 million as at 31 March 2017 primarily due to the completion and healthy sales of Shamelin Star. As such, the Group is on a strong footing to explore new businesses and projects. This cash balance is anticipated to increase by approximately RM46.7 million upon the completion of the Divestment Exercise.

The net assets of ENRA have reduced from RM235.2 million as at 31 March 2016 to RM152.8 million as at 31 March 2017 as a result of the fair value reduction of ENRA's Investment Properties which are the subject of the Divestment Exercise.

The Group's gearing is a manageable 0.4 times - an increase from 0.2 times as at 31 March 2016 due to more active utilization of trading lines and the progress in Portland Chamber's redevelopment as well as the one-off fair value adjustment and impairment loss of the Investment Properties. Once the debt related to the Investment Properties has been paid, the Group's gearing will reduce back to 0.2 times.

At this juncture, the Group has allocated minimal capital expenditure for its existing businesses. The capital expenditure for the development of the Labuan Land will be determined later, as ENRA is still evaluating various approaches to development.

**SUMMARY OF KEY PERFORMANCE INDICATORS (KPI) AND FINANCIAL RATIOS**

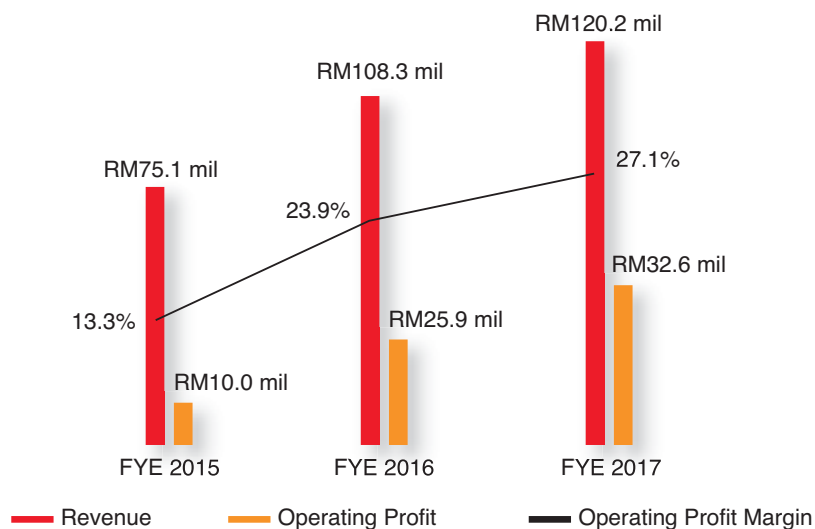
Aspect and Indicators	FYE 2016	FYE 2017	Remarks
<b>PROFITABILITY</b>			
Return on Equity (PATAMI/Equity)	4.0%	7.8%	Improvement in FYE 2017 due to continuing sales of units and continuing construction progress in Shamelin Star as well as a first full year of revenue contribution from ENRA Kimia
<b>OPERATIONAL EFFICIENCY</b>			
Return on Assets (PATAMI/Total Assets)	2.4%	3.7%	Improvement in FYE 2017 as the Divestment Exercise reduced the total assets of the Company
<b>LIQUIDITY</b>			
Gearing (Debt/Equity)	0.2 times	0.4 times (0.2 times*)	FYE 2017's gearing increased due to the decrease in net assets from the one-off fair value adjustment and impairment loss from the ongoing Divestment Exercise * Upon completion of the Divestment Exercise

**BUSINESS PERFORMANCE REVIEW****PROPERTY DIVISION**

The division's primary continuing projects and businesses are the development of Shamelin Star and Portland Chambers. In both FYE 31 March 2016 and FYE 31 March 2017, Shamelin Star was the main contributor to revenue and profit for the Group.

Shamelin Star consists of 630 high-rise residential and 30 commercial units with an estimated GDV of approximately RM350.0 million. It was completed in December 2016 with most units sold.

The Property Division's FYE 31 March 2017's revenue (RM120.2 million) and operating profit (RM32.6 million) were attributable to the sales of Shamelin Star as the development recorded continuing sales and progressive billings.

**Property Division Financial Performance**

## • MANAGEMENT DISCUSSION AND ANALYSIS

We made our first overseas venture in May 2015 with the acquisition of a freehold property in the prime area of Fitzrovia in London, United Kingdom. The five-storey Grade II Listed Building on 93 Great Titchfield Street is being redeveloped into four units of luxury apartments. For this project, the revenue and profit will be recognized in FYE 31 March 2018.

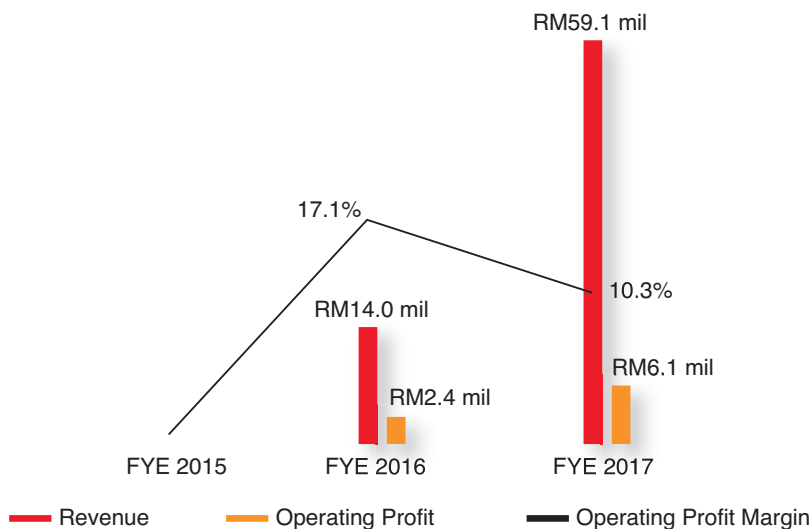
In March 2017, ENRA, through its wholly owned subsidiary, ENRA Labuan Sdn. Bhd. ("ENRA Labuan") purchased a 60-acre leasehold land in Labuan for a sum of RM7.6 million. The Labuan Land, which remains below the sea level until reclaimed is strategically located in Labuan's industrial area. Once a masterplan is approved, land reclamation will be performed over a 3-5 years in accordance with a development schedule to be determined. ENRA believes the investment presents various interesting and strategic development opportunities which will be executed progressively as the Management sees fit in the best interest of the ENRA Labuan. Feasibility studies into each option is still under review.

Our Investment Properties have been experiencing limited growth. Both Johor Bahru and Kuala Lumpur are facing the rapid increase of new commercial spaces offered at very competitive rental rates, leaving us with little room for revision. The management had considered several options including total refurbishment and redevelopment (transforming into budget hotels and service apartments, among others), but neither was found to be feasible. It is particularly challenging to implement such changes to our Investment Properties as ENRA only owns some of the strata titles that make up the entire development. Hence, we decided to divest with the intention of redeploying the realized proceeds into new ventures. Currently the occupancy rate for ENRA's Holiday Plaza units averages approximately 55.5% whilst the occupancy rate for ENRA's Shamelin Business Centre units is approximately 53.5% (expected to reduce to 17.8% once the Shamelin Star project's tenancy for the sales gallery and show unit expires in August 2017).

### O&G SERVICES DIVISION

This division comprises of a variety of businesses and ventures of which the largest contributor to revenue and profit contributor is ENRA Kimia.

#### O&G Division Financial Performance





ENRA Kimia commenced operations in September 2015. Its primary business is the supply of O&G specialty chemicals, catalysts and other related services to several downstream O&G operators in Malaysia. Although the business is relatively new, we are encouraged by its achievement so far. ENRA Kimia has increased its portfolio of international principals and now represents 14 partners in FYE 31 March 2017 compared to 10 in FYE 31 March 2016, and now supplies more than 25 products with more to be introduced in FYE 31 March 2018.

We are in the preliminary stages of evaluating opportunities to upgrade and expand ENRA Kimia's facilities to support its growing business and ensure security of business, including the potential construction of a new warehouse.

We completed the acquisition of EEFAB in May 2016. As a minor fabricator and civil works contractor specializing in steel structure and products, EEFAB's ability to grow and service larger contracts was limited by its lack of capital. ENRA intends to support EEFAB as a platform to undertake larger minor fabrication and civil works.

In FYE 31 March 2017, we have also set up strategic tie-ups to pursue opportunities within various offshore services sub-segments:

<b>Collaborations</b>	<b>Partners</b>	<b>Establishment</b>	<b>Description</b>
ENRA NauticAWT Sdn. Bhd.	AWT International (Decommissioning) Sdn. Bhd.	July 2016	Independent provider of innovative field development, refurbishment and abandonment solutions to the upstream O&G industry
ENRA SPM Sdn. Bhd.	SPM Terminals Pty. Ltd.	August 2016	Offers a complete range of services that includes designing, fabrication and construction, installation, leasing, removal and re-instatement and refurbishment of single point mooring systems
ENRA ICON Sdn. Bhd.	ICON Engineering Pty. Ltd.	January 2017	Innovative development and installation solutions that will significantly reduce the total costs of most Shallow Water Field Developments
Perunding ENRA Sdn. Bhd	-	September 2016	Multidisciplined consultancy and engineering company delivering holistic value adding solutions in the O&G industry

## • MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECTS AND FUTURE STRATEGIC INITIATIVES

#### PROPERTY

We are constantly assessing property development opportunities both in Malaysia and abroad following the successful completion of Shamelin Star. Management's aim is to minimize land banking efforts and instead pursue joint-ventures with land owners or acquire lands or projects with immediate development opportunity. As long as the products are priced and packaged to the right target market, we believe that the property division can continue to perform.

#### O&G SERVICES

Despite the challenging operating conditions, the O&G industry is still a key sector in the Malaysian economy.

We have identified opportunities within the upstream services sector and therefore inked partnership agreements with several industry specialists to expand our O&G portfolio to pursue these opportunities. In an increasingly cost-conscious environment, the Group is able to offer competitive cost-saving initiatives to oilfield operators in and outside of Malaysia through propriety technologies it shares with its partners.

We expect our downstream services to continue showing positive growth, especially with the completion of the Pengerang Integrated Petroleum Complex.

#### GENERAL AND OTHER AREAS

The Group will continuously review its business portfolio and streamline it from time to time to maximize earnings moving forward.

The Board and Management are also actively looking for businesses and projects in other industries that will create value for the shareholders. An example of that continuing effort is the execution of a Shareholders Agreement between ENRA's wholly-owned subsidiary, ENRA Engineering & Construction Sdn. Bhd., and Emrail Sdn. Bhd. to set up a joint-venture company with the purpose of collaborating on providing various products, solutions and services for rail and track transportation projects in Malaysia ("JV"). The rail industry in Malaysia is experiencing a flurry of activity in areas of public urban transportation and interstate double tracking and upgrades. We hope that the JV will be successful in bidding for jobs in this sector and the intended activities of the JV, if and when, undertaken are expected to contribute positively to the profitability and growth of the Company in the future.

#### DIVIDEND POLICY

The objectives of the Board and management is to invest in ENRA's growth. As such, we will consider rewarding shareholders with dividends arising from the earnings from our core operations whilst taking into consideration the needs of our growth and acquisition requirements.

# EXECUTIVE COMMITTEE

*from left to right*

**DATO' MAZLIN BIN  
MD JUNID**

**DATO' KAMALUDDIN BIN  
ABDULLAH**

**KOK KONG CHIN**



# KEY SENIOR MANAGEMENT PROFILE

## KAMALUKHAIR BIN ABDULLAH

Senior Vice President,  
Group Oil and Gas Services

**Date Appointed** 16 June 2015  
**Nationality** Malaysian  
**Age/Gender** 51/Male

### Qualifications

- Degree in Mechanical Engineering, Tulsa University Oklahoma USA

### Working Experiences

- Bredero Price - pipe coating company (1989)
- Petronas LNG-2 (1990 - 1994)
- OCI Energy Sdn. Bhd. as co-owner and Managing Director (1995 - 2009)
- Daya OCI Sdn. Bhd. as Managing Director (2010 - 2014)

### Present directorship in listed/public companies

- None

## RAYBURN AZHAR BIN ALI

Senior Vice President,  
Downstream Oil and Gas Business

**Date Appointed** 1 January 2016  
**Nationality** Malaysian  
**Age/Gender** 47/Male

### Qualifications

- Bachelor of Business Administration in Accountancy, University of Notre Dame, Indiana, USA

### Working Experiences

- Tri-Synergy (M) Sdn. Bhd. - General Director (1999 - 2002)
- Darul Karisma Group - GM Business Development (1999 - 2005)
- DK Kurita Sdn. Bhd. - CEO (2004 - 2007)
- Daya Secadyme Sdn. Bhd. - CEO (2008 - 2015)

### Present directorship in listed/public companies

- None

## FAIZUL BIN ZAINOL

Senior Vice President,  
Group Business Development Oil and Gas

**Date Appointed** 1 May 2015  
**Nationality** Malaysian  
**Age/Gender** 38/Male

### Qualifications

- Oxford Brookes University, B.Eng (Honours) - Mechanical
- Chartered Engineer (CEng.) and Chartered Marine Engineer (CMarEng.) - Institute of Marine Engineering, Science and Technology (IMarEST), United Kingdom
- Member of Board of Engineers Malaysia (BEM)

### Working Experiences

- American computer data storage company (2002)
- Sapura Kencana Petroleum Berhad (2003 - 2013)
- Daya Materials Berhad (2014)

### Present directorship in listed/public companies

- None

## AMI AKHRAM BIN ABDULLAH

Senior Vice President,  
Group Finance and Shared Services / CFO

**Date Appointed** 6 February 2017  
**Nationality** Malaysian  
**Age/Gender** 39/Male

### Qualifications

- Bachelor of Arts in Accounting and Finance and Business Administration (Hons) (1st Class) - University of Kent, UK
- Member of ACCA and MIA

### Working Experiences

- Ernst & Young - Snr. Manager (2002 - 2010)
- Audit Oversight Board, Securities Commission - Snr. Manager (2010 - 2011)
- Tradewinds (M) Berhad - Asst. GM (2011 - 2014)
- Central Sugars Refinery Sdn. Bhd. - Head of Finance (2014 - 2016)
- Asiaspace Sdn. Bhd. - CFO (2017)

### Present directorship in listed/public companies

- None

**DANIEL LAU LEE HOONG**

Senior Vice President,  
Group Corporate Finance

**Date Appointed** 1 March 2015  
**Nationality** Malaysian  
**Age/Gender** 34/Male

**Qualifications**

- Masters in Accounting and Business, Aston Business School
- Bachelor's Degree with Honours in Computer Science, University of Warwick

**Working Experiences**

- CIMB Investment Bank Berhad (2006 - 2009)
- Maestro Capital Sdn. Bhd. (2010 - 2014)

**Present directorship in listed/public companies**

- None

**SHARON KOO SIEW LING**

Senior Vice President,  
Group Legal

**Date Appointed** 15 December 2014  
**Nationality** Malaysian  
**Age/Gender** 48/Female

**Qualifications**

- Bachelor of Law (LLB), University of London
- Certificate in Legal Practice, Kemayan ATC

**Working Experiences**

- Advocate and Solicitor of the High Court of Malaya, Messrs. Lee Choon Wan and Co. (1995 - 2013)
- Head of Legal, Daya Materials Berhad (2014)

**Present directorship in listed/public companies**

- None

**MELVINDER SINGH HARMINDER SINGH**

Vice President,  
Group Internal Audit

**Date Appointed** 23 October 2015  
**Nationality** Malaysian  
**Age/Gender** 49/Male

**Qualifications**

- Masters of Science in IT Management
- Chartered Member of IIA Malaysia, Member of CPA Australia, De Montfort University
- Bachelor of Business in Accounting, Central Queensland University

**Working Experiences**

- CGRM Consulting as Director of Corporate Governance, Risk management and Internal Audit (2002)
- Westminster International Consultants (WIC) as Senior Consultant (2006)
- Freescale (F.K.A. Motorola) - Head of the Regional Audit Office for Asia Pacific (2008)
- Daya Materials Berhad - Group Chief Internal Audit (2013 - 2015)

**Present directorship in listed/public companies**

- None

**LING LI WYNN**

Vice President,  
Group Property Development

**Date Appointed** 20 September 2016  
**Nationality** Malaysian  
**Age/Gender** 31/Male

**Qualifications**

- Bachelor of Commerce, University of Sydney

**Working Experiences**

- UEM Sunrise Berhad (2010 - 2016)

**Present directorship in listed/public companies**

- None

## • KEY SENIOR MANAGEMENT PROFILE

### SITI AISHA BINTI MOHD SAINI

*Vice President,  
Group Human Capital and Administration*

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**Date Appointed** 1 January 2015  
**Nationality** Malaysian  
**Age/Gender** 43/Female

#### Qualifications

- Bachelor of Human Resource Management, OUM
- Advance Diploma in Business Management, UNITAR
- Diploma in Office Management, UiTM

#### Working Experiences

- GL Noble Denton - Manager (2008 -2009)
- Sapura Acergy Sdn. Bhd. - Compensation & Benefits Manager (2009 -2013)
- Daya Offshore Construction Sdn. Bhd. - Manager (2013)
- Daya Materials Berhad - GM Group HR and Administration (2013 - 2014)

#### Present directorship in listed/public companies

- None
- 

### AZMI BIN MOHAMAD

*Vice President,  
Special Project*

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**Date Appointed** 1 February 2015  
**Nationality** Malaysian  
**Age/Gender** 54/Male

#### Qualifications

- Masters of Accounting, Univ. Miami, Florida
- BSc Accounting, Urbana Univ, Ohio
- Diploma in Accounting, ITM

#### Working Experiences

- Lecturer, School of Accountancy UUM (1987 - 1994)
- Lecturer/Principal Ocean Institute of Audio Technology (1994 - 1995)
- Socio-Economic Consultant, Indirect Offset Manager, British Aerospace PLC (1996 - 2005)
- Link Aero Technologies Sdn. Bhd. (2001 - 2011)
- Manager, Daya Materials Berhad (2011 -2014)

#### Present directorship in listed/public companies

- None
- 

### CHEONG LISA

*Company Secretary*

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**Date Appointed** 15 November 2016  
**Nationality** Malaysian  
**Age/Gender** 48/Female

#### Qualifications

- Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators

#### Working Experiences

- More than 15 years of experience in company secretarial practice, having worked in consultancy firm and multinational conglomerates

#### Present directorship in listed/public companies

- None
- 

The above Key Senior Managers have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company, have not been convicted of any offences within the past five years and have not been imposed with any penalty by the relevant regulatory bodies during the financial year ended 31 March 2017.



# CORPORATE SOCIAL RESPONSIBILITY REPORT

AT ENRA WE BELIEVE THAT IN ORDER TO SUSTAIN GROWTH WE MUST CONTRIBUTE TO THE BETTERMENT OF OUR PEOPLE, THE COMMUNITY AROUND US AND THE SOCIETY AS A WHOLE. FOR THE FY2017, WE CONTINUED OUR PREVIOUS EFFORTS IN EXTENDING OUR GOODWILL TO THE SOCIETY.



## Knowing the community

We started our corporate social responsibility (“CSR”) activities for the financial year by giving away food packs at Masjid Wilayah Persekutuan. This activity was planned as part of our aim to spread our goodwill to the community around us. The food packs giveaway was done in collaboration with Tabung Haji Berhad as part of a joint corporate social responsibility activity.



## Betterment of our people, the community around us and the society as a whole

Our CSR activities for the financial year were focused on easing the burden of the low-income population of the community where we operate; with an emphasis in education. For this objective Kemaman was selected.

In extending our assistance to the needy, we worked with SK Kijal, a primary school in Kemaman.



## Growth sustainability

A total of 87 needy students were shortlisted by SK Kijal to be the recipient of our CSR gesture. On top of these 87, another 33 students were added making the total recipient 120. These 33 students were from the two orphanages in Kemaman; Rumah Kebajikan Anak-Anak Yatim AlHijrah and Rumah Kebajikan Anak Yatim Dar AlYusof. Each child was given vouchers redeemable for school supplies.



## • CORPORATE SOCIAL RESPONSIBILITY REPORT

While preparing for Kemaman, we received an appeal to assist needy students in the Kuala Kangsar district to prepare for the start of the current school year. Adopting the same format as our preparation for Kemaman, we gave similar vouchers to 120 students from various schools in Kuala Kangsar. The selection of these needy students was done by local community leaders.

The event for Kuala Kangsar was done on 23 December 2016 at SMK Bukit Mercu, Kuala Kangsar. It was attended by the selected students, their parents, teachers and local community leaders.

We will continue to develop our network with the community around us.



1



2



3



4



5

1  
Food pack giveaway at  
Masjid Wilayah Persekutuan

2  
Giving away vouchers for school  
supplies to students in Kuala Kangsar

3  
Parents and students who attended the  
event in Kuala Kangsar

4  
Giving away vouchers for school  
supplies to students in Kemaman

5  
Some of the recipients at the Kemaman  
event together with some of our staff

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of ENRA Group Berhad ("Company") ("Board") is committed to ensuring that high standards of corporate governance principles and practices are applied throughout the Company and its subsidiaries ("Group") as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and protect the interests of all stakeholders.

The Board is pleased to present the Statement on Corporate Governance for the financial year ended 31 March 2017 which outlines the application of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Where a specific recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance, including the reasons thereof, is included in the following statement.

## PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### Function of the Board and Management

The Board has the overall responsibility for the corporate governance, strategic leadership and direction, conduct of the Group's businesses, risk management and internal controls, investor relations, management succession plan and business operations of the Group.

The members of the Board collectively contribute to the Company, drawing from a mix of industry specific, financial, regulatory and technical knowledge and experience.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives and day-to-day management of the businesses of the Group to the President & Group Chief Executive Officer. There is a formalised Limits of Authority which defines the limits specifically reserved for the Board's approval and those delegated to the President & Group Chief Executive Officer, the Executive Directors and Management. The President & Group Chief Executive Officer remains accountable to the Board for the authority that is delegated to him and for the performance of the Group. The position of the President & Group Chief Executive Officer in essence is to ensure the effective implementation of the Group's business plans, strategies and policies established by the Board as well as to manage the daily conduct of the Group's businesses and affairs to ensure their smooth operation.

The Board oversees and monitors the decisions and actions of the President & Group Chief Executive Officer, the Executive Directors and the performance of the Company to gain assurance of the progress being made towards the Company achieving its corporate objectives.

The Board is supported by the Management to implement the Group's strategic plans, policies and decisions adopted by the Board and to oversee the operations and business development of the Group.

The responsibilities of the Chairman and the President & Group Chief Executive Officer are also clearly divided in the Company's Board Charter, in accordance with the MCCG 2012's requirements. The Board is led by Datuk Ali bin Abdul Kadir as the Independent Non-Executive Chairman. He is responsible for the orderly conduct and effectiveness of the Board and ensuring that all Directors receive sufficient information to enable them to meaningfully participate in all matters tabled to the Board for decision.

Tan Sri Dato' Seri Shamsul Azhar bin Abbas is the Company's Senior Independent Non-Executive Director who has been designated to clarify matters or enquiries that may be raised by shareholders or investors.

There is an effective check and balance on the Board with two-thirds of the Board members being Non-Executive Directors and more than half of the Board members being Independent Non-Executive Directors. Accordingly, and taking into account the experience, qualifications, capabilities and knowledge of the Company's Independent Non-Executive Directors, the Board is satisfied that the current Board composition fairly reflects the interests of the Company's minority shareholders and is adequate to ensure that the highest standards of corporate governance, ethical conduct and integrity are maintained by the Company for the benefit of all stakeholders.

## • STATEMENT ON CORPORATE GOVERNANCE

### Clear roles and responsibilities of the Board

In carrying out its function, the Board has delegated specific responsibilities to Board Committees, namely, the Audit and Risk Management Committee (“ARMC”) and the Board Nomination and Remuneration Committee (“BNRC”).

In order to ensure that the direction and control of the Group remains with the Board, the Board has defined the terms of reference for each Committee and receives reports from the Board Committees of their proceedings and deliberations together with their recommendations and relevant decisions. The Chairman of the respective Board Committees will report to the Board on the outcome of these meetings.

These Board Committees were formed in order to enhance business and operational efficiency and efficacy but the Board remains fully responsible for the direction and control of the Group. The ultimate responsibility for the final decision on all matters, lies with the Board.

The terms of reference for the ARMC and the BNRC can be found on the Company’s website ([www.enra.my](http://www.enra.my)).

While the Board is responsible for creating framework and policies within which the Group should be operating, the Management is accountable for the execution of the expressed policies and attainment of the Group’s objectives. This demarcation complements and reinforces the supervisory role of the Board.

The principal duties and responsibilities of the Board are as follows:

- Review and approve strategic initiatives including corporate business streamlining or restructuring and strategic alliances.

The Executive Committee (“Exco”), which is made up of all three Executive Directors, oversees the formulation and implementation of the policies and plans for the Group’s strategic initiatives. The Exco evaluates and recommends for Board’s approval major investments, divestments and capital expenditures including acquisitions, mergers, joint ventures and new businesses. The Exco also assists the Board in managing the capital and liquidity positions of the Group and its businesses to ensure the capital is adequate to meet the Group’s objectives.

- Review and approve the annual corporate plan for the Group which includes the overall corporate strategy, sustainability strategy, business development and marketing plan, human resources plan, information technology plan, financial plan, budget, regulatory plan and risk management plan.

The business plan and budget for the next financial year are presented to the Board at a meeting held before the end of the financial year after review and endorsement by the Exco. In the deliberations on these proposed business plans and budgets, the Board members will review and challenge Management’s perspectives and assumptions applied in formulating the plan before approving the same to ensure the best outcomes are achieved.

- Oversee the conduct of the Group’s businesses to evaluate whether the businesses are properly managed.

The Board is kept informed of the development of key strategic initiatives and progress of operating units on a quarterly basis. Relevant members of the Management were invited to Board Meetings to support the President & Group Chief Executive Officer in presenting the progress reports and to provide clarification on any issues which may be raised by the Board.

- Identify principal risks and ensure the implementation of appropriate systems to manage these risks.

The Board oversees the risk management framework of the Group through the ARMC. The ARMC reviews in detail the major risks that the Group faces in its businesses and operations and the adequacy of controls and processes that are put in place to manage those risks. The Board deliberates on areas of significant risks as they are highlighted by the Chairman of the ARMC at Board Meetings. Details on the Company’s Risk Management Framework are set out in the Statement on Internal Control and Risk Management on pages 47 to 50 of this Annual Report.

- Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including securities laws, Companies Act, 2016 and the MMLR of Bursa Securities).

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard the investment of its shareholders and the Company's assets. The Statement on Risk Management and Internal Control provides further information of the state of internal controls within the Group.

- Approve the nomination, selection, succession policies and remuneration packages for members of the Board and Board Committees, the Executive Directors and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of and where appropriate, replacing senior management or key management personnel.

The BNRC assists the Board in relation to matters concerning appointments and remuneration of Board members and key management personnel. The Board places emphasis on the continuous development of human capital and in ensuring a sound succession planning. A framework for succession planning of the Executive Directors and key Management positions had been developed and endorsed by the BNRC in May 2016.

- Review and approve investment, divestment and treasury policies, guidelines and practices for the Group.
- Review and approve the capital expenditure, purchase of fixed assets, operating expenditure and any other matters in accordance with the approved authority limits.

### **Codes and Policies**

The Board has adopted a Board Charter, which sets out its roles, functions, composition, operation and process giving consideration to the principles of good corporate governance and requirements of the MMLR of Bursa Securities.

The Board has also adopted a Directors' Code of Ethics, which outlines the conduct required of the Board members individually in order for them to discharge their duties in a professional, honest and ethical manner. This Code of Ethics also applies to officers and employees in the Group.

The Company has a Code of Business Conduct which is applicable to employees within the Group to set out the desired standards of behavior and ethical conduct expected from each individual to whom the Code applies.

The Company also has a Vendor Code of Conduct which is applicable to all vendors, suppliers, contractors, subcontractors and other third parties providing goods and services to the Group to set out the desired standards of business conduct with these parties.

The Board has also put in place a Whistleblowing Policy, which sets out the principle and grievance procedures for employees to raise genuine concerns of possible improprieties perpetrated within the Group.

The details of the Board Charter, Directors' Code of Ethics, Code of Business Conduct, Vendor Code of Conduct and Whistleblowing Policy can be found on the Company's website ([www.enra.my](http://www.enra.my)).

### **Promote Sustainability**

The Board is mindful of the importance of business sustainability which encompasses all aspects of ethical business practices, addressing relevant Environment, Social and Governance matters and its increasing relevance to the Group's businesses. The Board is committed to understanding and implementing sustainable practices and exploring benefits to the Group's businesses whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

The Board, whilst pursuing the business objectives of growth in enhancing shareholder value, is also cognisant of the Group's corporate social responsibility and the importance of the contribution it can make in respect thereof, particularly towards improving the workplace, the community it operates in and the environment.

The Group's contribution to the community it operates in is currently mainly in the form of monetary contributions towards worthy causes and the needy.



## • STATEMENT ON CORPORATE GOVERNANCE

The Group will support and encourage all employees and subsidiaries to find ways and means to help their communities. The Group's initiatives in supporting corporate social responsibility are an ongoing commitment towards creation of an ethical, caring and just society and not just being a competitive nation.

The Company's activities on corporate social responsibilities for the year under review are disclosed on pages 31 and 32 of this Annual Report.

The Group is constantly reviewing its workplace policies and procedures to provide a conducive working environment and ensure proper development and utilisation of its human resources. Personal development is encouraged and employees are encouraged to improve their knowledge through trainings, seminars and workshops, the costs of which are either fully borne or subsidised by the Group.

The Group believes in contributing positively towards minimising the environmental impact of its operations by reducing wastages and printing on paper, and maximizing the recycling of recyclable materials used in the Group's operations.

### **Access to information and advice**

All Directors have full and timely access to all information with regard to Board papers distributed in advance of meetings.

Board meetings are scheduled in advance at the beginning of each new financial year. This enables the Management to plan ahead and ensure timely preparation and dissemination of information to the Board members.

The Board and its Committees are supplied with an agenda and relevant meeting papers at least seven days or as soon as reasonably practicable prior to each meeting to enable them to make informed decisions and where necessary, to obtain further explanations/clarifications. Detailed briefings are provided during the meetings by Management and/or professional advisors, where required. The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Securities.

Minutes of every Board meeting are circulated and tabled for confirmation at the following meeting. The Board also receives minutes of all Board Committee meetings and is briefed on the issues raised at the respective Committee meetings to ensure that all Directors are kept informed of the Committees' activities.

The Directors have unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to carry out their duties effectively and diligently. The ARMC plays a pivotal role in channeling pertinent operational and assurance related issues to the Board. In addition, the Board is regularly updated on statutory and regulatory requirements pertaining to their duties and responsibilities. All Directors have the consent of the Board to seek independent external professional advice where necessary in the course of fulfilling their duties and responsibilities, at the Company's expense. Each Director may make such request for external advice, if required, through the President & Group Chief Executive Officer as stipulated in the Board Charter.

### **Company Secretary**

The Company Secretary, who is a qualified professional, reports directly to the Board. The Company Secretary is responsible for monitoring compliance with the Board procedures and advises the Board and Board Committees on governance matters. All Directors have full access to the services of the Company Secretary.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising from the minutes of meetings until they are resolved.

## PRINCIPLE 2 – STRENGTHEN COMPOSITION

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse backgrounds. The Board consists of nine members comprising an Independent Non-Executive Chairman, three Executive Directors (including the President & Group Chief Executive Officer), a Senior Independent Non-Executive Director, three other Independent Non-Executive Directors and one Non-Independent Non-Executive Director. There is no individual Director or group of Directors who dominates the Board's decision-making.

The composition of the Board is in compliance with the MMLR of Bursa Securities, which requires at least two Directors or one-third of the Board of Directors, whichever is higher, to be Independent Directors. The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company and is adequate to ensure that the highest standards of corporate governance, ethical conduct and integrity are maintained by the Company for the benefit of all stakeholders.

The Directors, with their different backgrounds and specialisations, collectively bring with them not only the relevant industry knowledge but also a wide range of experience and expertise in areas such as finance, engineering, strategic planning, economics and project management. The Independent Non-Executive Directors apply objective and independent judgement to the decision-making process of the Board and provide the check and balance. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls.

The profile of each Director is set out on pages 13 to 19 of the Annual Report.

### Gender Diversity

In so far as boardroom diversity is concerned, the Board does not have a specific policy for setting targets for women candidates. Evaluation of suitability of candidates is solely based on the candidates' character, time commitment, competency, qualification, experience and integrity in meeting the needs of the Company. The Board is committed to ensure transparency and diversity in making appointments to the Board and Board Committees based on principles of non-discrimination; regardless of race, ethnicity, gender, age, religion or belief. The Board also upholds the promotion of fair participation and equal opportunity in embracing a spirit of inclusion for all individuals of the right caliber. The Board will take note of the requirement on gender diversity when vacancies on the Board arise.

### Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee ("BNRC") comprises the following members, all of whom are Independent Non-Executive Directors:

Chairman:	Datuk Anuar bin Ahmad
Members:	Datuk Ali bin Abdul Kadir
	Tan Sri Dato' Seri Shamsul Azhar bin Abbas
	Mr. Teo Chee Kok

The BNRC held five meetings during the financial year ended 31 March 2017. The members of the BNRC have many years of corporate experience and are knowledgeable in the field of executive compensation.

### Nomination Matters

The BNRC is responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board. However, the Board makes all final decisions on appointment after considering those recommendations.

During the year, Dato' Wee Yiau Hin was appointed as an Independent Non-Executive Director on 24 August 2016 by the Board at the recommendation of the BNRC. The BNRC had, before making the recommendation, evaluated his qualifications, skills, background, experience and competencies including his ability to bring independent judgement and concurred that with his vast experience particularly in the oil and gas industry, he would be able to contribute positively as a Board member to the Company.

Dato' Wee was subsequently appointed as an additional member to the ARMC by the Board on 30 March 2017 upon the recommendation of the BNRC. Dato' Wee was identified as the Board member with the necessary technical knowledge and expertise in the oil and gas industry to fill this skills gap in the ARMC, particularly in the ARMC's risk oversight role as the Group embarks its expansion plans into the oil and gas related industry.

## • STATEMENT ON CORPORATE GOVERNANCE

The duties and responsibilities of the BNRC include :

- review annually the Board structure, size and composition to ensure balance of the required mix of skills and experience of the Board, including the core competencies which non-executive directors bring to the Board;
- review the performance of the ARMC and (without prejudice to the generality of the preceding paragraph), to review the term of office and performance of each member of the ARMC annually or at such other times required by the relevant authority or deemed necessary by the BNRC; and
- assessing annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

Through its Annual Assessment and Evaluation Exercise, the BNRC had conducted the assessment of the effectiveness of the Board as a whole, the efficiency of the Board Committees and the contribution of each Individual Director including the Independent Directors to assess their independence. The Board also received confirmation in writing from the Independent Directors of their independence.

The BNRC also appraised the Executive Directors in terms of their experience, knowledge, credibility, integrity and assessed their effectiveness and contribution in carrying out their obligations and duties as Board members of the Company.

### Remuneration Matters

The key responsibilities of the BNRC in so far as remuneration is concerned, is to review and to recommend to the Board the remuneration, annual salaries, incentive arrangements and other employment conditions and to develop the framework of remuneration policy to facilitate the recruitment and effective retention of talent both at the Board level and the senior management.

The BNRC is responsible for recommending to the Board the appropriate remuneration of the Executive Directors to ensure that the Group attracts and retains Directors of the necessary caliber, experience, knowledge and quality needed to manage the Group successfully. The BNRC considers the principles recommended by the MCCG 2012 in determining the Executive Directors' remuneration, whereby, the Executive Directors' remuneration is designed to link rewards to the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The determination of the remuneration of the Non-Executive Directors is a matter for the Board to consider and individual Directors do not participate in decisions regarding their own remuneration package. The Company reimburses reasonable expenses incurred by the Non-Executive Directors in the course of their duties as Directors.

Pursuant to Section 230(1) of the Companies Act, 2016 which came into force on 31 January 2017, fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Having regard to the ambit of "benefits" to include meeting allowances, the BNRC had recommended that payment of the meeting allowances to Directors shall not be made until shareholders' approval is obtained at the 25<sup>th</sup> Annual General Meeting of the Company which was agreed by the Board.

The aggregate and range of remuneration received and receivable by the Executive and Non-Executive Directors from the Company and the Group for the financial year ended 31 March 2017 are as follows:

	<b>Fees</b>	<b>Salaries</b>	<b>Other</b>	<b>Total</b>
	<b>(RM)</b>	<b>(RM)</b>	<b>Emoluments*</b>	<b>(RM)</b>
			<b>(RM)</b>	
Executive Directors	-	1,620,000	927,172	2,547,172
Non-Executive Directors	400,333	-	112,000	512,333
<b>Total</b>	<b>400,333</b>	<b>1,620,000</b>	<b>1,039,172</b>	<b>3,059,505</b>

(2016: RM1,534,000)

\* Other emoluments include bonus, allowances, statutory contribution and benefits-in-kind



Range of Remuneration	Executive Directors No of Directors	Non-Executive Directors No of Directors
Below RM50,000	-	1
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	-	1
RM450,001 to RM500,000	1	-
RM800,001 to RM900,000	1	-
RM900,001 to RM950,000	1	-

The Board is satisfied that the BNRC, in its current form, effectively and efficiently discharges its function in respect of the nomination and remuneration matter.

#### Retirement and re-election of Directors

The Company's Constitution (Articles of Association) provide that all Directors including the President & Group Chief Executive Officer are to retire from office at least once in every three years or at least one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election at each Annual General Meeting. Any new Director appointed by the Board during the year is required to stand for re-election at the next Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their last election. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for re-election are furnished in the Annual Report.

In accordance with the Company's Constitution (Articles of Association), all Directors who are appointed by the Board may only hold office until the conclusion of the next Annual General Meeting subsequent to their appointment and shall then be eligible for re-election by shareholders at that Annual General Meeting.

Accordingly, Tan Sri Dato' Seri Shamsul Azhar bin Abbas, Datuk Anuar bin Ahmad and Dato' Mazlin bin Md Junid who are due to retire by rotation from the Board at the forthcoming Annual General Meeting, being eligible, have offered themselves for re-election. Dato' Wee Yiau Hin, who was appointed on 24 August 2016, will retire at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-election.

#### PRINCIPLE 3 – REINFORCE INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision-making process, which is in line with the MCCG 2012.

#### Annual Assessment of Independence

An Independent Director of the Company is a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. The Board through the BNRC assesses the Independent Director's independence to ensure on-going compliance with this requirement annually.

For the financial year ended 31 March 2017, the Independent Non-Executive Directors were assessed based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their respective ability to act in the best interest of the Company.

#### Tenure of Independent Directors

The Board noted that one of the recommendations of the MCCG 2012 is that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of nine years, the Independent Director may continue to serve on the Board subject to prior assessment by the Board to be conducted through the BNRC. The Board will justify and seek shareholders' approval if it retains as an Independent Director a person who has served in that capacity for more than nine years. None of the Independent Non-Executive Directors has served for more than nine years during the financial year under review.

## • STATEMENT ON CORPORATE GOVERNANCE

### Position of Chairman and President & Group Chief Executive Officer

The roles of the Chairman and the President & Group Chief Executive Officer are distinct and separate to engender accountability to facilitate clear division of responsibilities to ensure there is a balance of power and authority in the Company.

The Chairman is responsible for ensuring Board effectiveness and standards of conduct while the President & Group Chief Executive Officer is responsible for the overall management of the Group, including the smooth running of the Group's businesses.

The Board delegates to the President & Group Chief Executive Officer the implementation of the Company's strategic plans, policies and decisions adopted by the Board to achieve the Company's objectives of creating long-term value for its shareholders.

### PRINCIPLE 4 - FOSTER COMMITMENT

#### Time Commitment

All Board members are aware that they must not hold directorships of more than five public listed companies. Currently, all the Directors are in compliance with this requirement. Each Director is required to notify the Chairman of the Board prior to accepting new directorships not within the Group and the notification shall include an indication of time that will be spent on the new appointment.

There is an annual meeting calendar prepared in advance of each financial year to facilitate the Directors' planning. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record at Board meetings.

#### Board meetings

The Board meets at least once in each quarter, with additional meetings held when needed. Board and Board Committees papers are prepared by Management, which provide the relevant facts and analysis for the consideration of Directors. The agenda, relevant reports and Board papers are furnished to Directors and Board Committees members at least seven days or as soon as reasonably practicable prior to the meeting, to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. The respective Chairman of the ARMC and BNRC will brief the Directors at each Board meeting of any salient matters noted by the ARMC and BNRC respectively and which require the Board's attention or direction. All pertinent matters discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

During the financial year ended 31 March 2017, eight Board meetings were held. Details of attendance of the Directors are set out below:

No.	Name of Directors	No of Meetings Attended
1	Datuk Ali bin Abdul Kadir	8 out of 8
2	Dato' Kamaluddin bin Abdullah	7 out of 8
3	Dato' Mazlin bin Md Junid	8 out of 8
4	Kok Kong Chin	8 out of 8
5	Tan Sri Dato' Seri Shamsul Azhar bin Abbas	8 out of 8
6	Datuk Anuar bin Ahmad	8 out of 8
7	Dato' Wee Yiau Hin (appointed on 24 August 2016)	5 out of 6
8	Loh Chen Yook	7 out of 8
9	Teo Chee Kok	7 out of 8

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meeting as stipulated in the MMLR of Bursa Securities.

In the intervals between Board meetings, any matters requiring Board decisions or approvals will be sought via circular resolutions which are supported with all relevant information and explanations required for an informed decision to be made.

### Directors' training

The Directors are mindful that relevant training is required to broaden their knowledge and to keep abreast with the various changes in laws, regulations and business environment in order to effectively discharge their duties.

All Directors have attended and completed the Mandatory Accreditation Programme pursuant to the MMLR of Bursa Securities. Given the varying training needs of each Director, all the Directors have continuously undergone training programmes to enhance their skills and knowledge.

There is an annual assessment of training needs conducted by the BNRC to determine types of training to equip the Directors with the required knowledge to discharge its function effectively and efficiently. Management co-ordinates training programmes for the Directors. The Directors are encouraged to determine the relevant programmes and seminars available that would best suit them to enhance their knowledge and contributions to the Board. The Management keeps the record of the training attended by the Directors.

The Management also provides the Board updates on the relevant guidelines on statutory and regulatory requirements from time to time. The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on any updates at Board meetings. The external auditors also brief the Board members on any changes to the Financial Reporting Standards that affect the Group's financial statements during the year.

The training programmes, workshop, forums and/or courses attended by the Directors during the financial year under review are as follows:

Name of Directors	Training/Workshop/Forums/Courses
Datuk Ali bin Abdul Kadir	<ul style="list-style-type: none"> <li>• ACE Listing Requirements &amp; Financial Statements</li> <li>• AML (Anti-Money Laundering) Training</li> <li>• Liquidity &amp; Shariah Training</li> <li>• ICG Credit Risk Management Overview</li> <li>• Market Risk</li> <li>• The Labuan International Finance Lecture Series</li> </ul>
Dato' Kamaluddin bin Abdullah	<ul style="list-style-type: none"> <li>• Cyber Risk Management &amp; Sustainability Reporting</li> </ul>
Dato' Mazlin bin Md Junid	<ul style="list-style-type: none"> <li>• Cyber Risk Management &amp; Sustainability Reporting</li> </ul>
Kok Kong Chin	<ul style="list-style-type: none"> <li>• Post Brexit: Impact on UK Commercial &amp; Residential Investment and Development</li> <li>• Nomura Expert Series: "ETP-Growing the Economy Responsibly and Sustainably"</li> <li>• Cyber Risk Management &amp; Sustainability Reporting</li> </ul>
Tan Sri Dato' Seri Shamsul Azhar bin Abbas	<ul style="list-style-type: none"> <li>• Sustainability Engagement Series 2016</li> </ul>
Datuk Anuar bin Ahmad	<ul style="list-style-type: none"> <li>• Being Financially Literate: An introduction to understanding Financial Statements</li> </ul>
Dato' Wee Yaw Hin	<ul style="list-style-type: none"> <li>• Anti-Corruption and Integrity</li> <li>• Cyber Risk Management &amp; Sustainability Reporting</li> </ul>
Loh Chen Yook	<ul style="list-style-type: none"> <li>• Management Discussion and Analysis Statement and Business Sustainability</li> <li>• Cyber Risk Management &amp; Sustainability Reporting</li> </ul>
Teo Chee Kok	<ul style="list-style-type: none"> <li>• A Director's guide to fraud and corruption risks</li> <li>• Cyber Risk Management &amp; Sustainability Reporting</li> </ul>

## • STATEMENT ON CORPORATE GOVERNANCE

### PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board is committed to present a balanced and fair assessment of the Group's financial position and prospects through the issuance of the Annual Audited Financial Statements and quarterly financial reports, as well as corporate announcements affecting the Company in accordance with the MMLR of Bursa Securities.

In discharging its responsibilities, the Board is assisted by the ARMC in overseeing the Group's financial reporting processes and the quality of its financial reporting.

Further information on the duties and activities undertaken by the ARMC are set out in the ARMC Report on pages 44 to 46.

The Directors' Responsibility Statement in respect of the preparation of the Annual Audited Financial Statements is set out on page 52 of this Annual Report.

#### Assessment of suitability and independence of External Auditors

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the ARMC, in assessing the suitability and independence of the External Auditors. Such procedures entail the provision of written assurance by the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The Board maintains a close and transparent relationship with the External Auditors in seeking their professional advice and ensuring the financial statements are prepared in compliance with the accounting standards. The ARMC has met with the External Auditors without the presence of the Executive Directors and Management twice during the financial year ended 31 March 2017.

The ARMC is at liberty at any time to communicate with the audit partner assigned by the External Auditors, Messrs. BDO to the Company, to act as the key representative for overseeing the relationship of the Company with the External Auditors. In compliance with the Malaysian Institute of Accountants, Messrs. BDO rotates its audit partners every five years to ensure objectivity, independence and integrity of the audit.

On an annual basis, the ARMC would review and monitor the suitability and independence of the External Auditors.

The ARMC is satisfied with the competence and independence of the External Auditors and had recommended the re-appointment of the External Auditors for shareholders' approval at the 25<sup>th</sup> Annual General Meeting.

### PRINCIPLE 6 – RECOGNISE AND MANAGE RISK

#### Sound risk management framework

The Board is ultimately responsible for the establishment of a sound framework to manage risks. The President & Group Chief Executive Officer oversees these risk management processes and activities and reports to the Board. The Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control.

The Statement on Risk Management and Internal Control as set out on pages 47 to 50 in the Annual Report provides an overview of the management of risks and state of internal controls within the Group.

#### Internal Audit Function

The Board acknowledges its responsibility for the Group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

The Company has in its employment, an Internal Auditor who reports directly to the Chairman of the ARMC. The Internal Audit function reviews the controls and processes of the organisation in accordance with the approved audit plan which adopts a risk based approach towards planning and audit execution. The scope of work covered by the Internal Audit function during the financial year is set out on pages 46 of this Annual Report.

**PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE****Corporate Disclosure Policies and Procedures**

The Board recognises the importance of effective and timely communication with shareholders and the investors to ensure they make informed decisions. The Board supports effective and timely corporate disclosure to achieve the following objectives:

- to raise awareness and provide guidance to the Board, Management, officers and employees on the Company's disclosure requirements and practices;
- to provide guidelines and policies to disseminate corporate information;
- to ensure compliance with all applicable legal and regulatory requirements on disclosure of material information; and
- to build good investor relations with the investing public that inspires trust and confidence.

**Leverage on Information Technology for Effective Dissemination of Information**

All information made available to Bursa Securities is made immediately available or as soon as reasonably practicable to shareholders and the market at the Company's website: [www.enra.my](http://www.enra.my).

**PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

The Board recognises the importance of clear and regular communication as well as proper and timely dissemination of information to its shareholders and institutional investors. In addition to quarterly financial reports, the Company communicates with shareholders and investors through its annual report, with comprehensive and sufficient details on the financial results and activities of the Group. Whilst the Company endeavors to provide as much information as possible, it is also aware of legal and regulatory framework governing release of material and price sensitive information.

The Annual General Meeting ("AGM") of the Company serves as the primary platform for the Board to engage with shareholders. The Company supports the MCCG 2012's principle to encourage shareholders participation and time is allowed during the AGM for questions to be raised to the Board members.

Notice of the AGM and the Annual Report are sent out at least twenty one days prior to the date of the AGM in accordance with the provisions of the Company's Constitution (Articles of Association) and is also advertised in a local daily newspaper. Any item of Special Business included in the Notice of the AGM will be accompanied by an explanation of the effects of the proposed resolution.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors duly passed on 15 June 2017.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of ENRA Group Berhad ("Company") is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 March 2017.

## COMPOSITION AND MEETING

The Audit and Risk Management Committee ("ARMC") has five members, all of whom are independent non-executive directors. The composition of the ARMC is in compliance with Paragraph 15.09(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARMC Chairman, Datuk Ali bin Abdul Kadir and Mr Teo Chee Kok, are both members of the Malaysian Institute of Accountants. Datuk Ali bin Abdul Kadir is also a fellow of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Certified Public Accountants whilst Mr Teo is a fellow member of the Association of Chartered Certified Accountants. In this regard, the Company meets the requirement of paragraph 15.09(1)(c) of the MMLR of Bursa Securities where at least one member of the ARMC must be a qualified accountant.

The ARMC held five meetings during the financial year ended 31 March 2017. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification (at least seven days prior or as soon as reasonably practicable prior to the meeting). The President & Group Chief Executive Officer, the Executive Directors, the Group Chief Financial Officer and Head of Internal Audit and Risk Management were also invited to attend and brief the members on specific issues. The External Auditors, Messrs. BDO attended some of these meetings upon the invitation of the ARMC.

Attendance of the members of the ARMC at meetings held during the year is as follows:

Name	Designation	Meetings Attended
Datuk Ali bin Abdul Kadir	Chairman, Independent Non-Executive Director	4 out of 5
Tan Sri Dato' Seri Shamsul Azhar bin Abbas	Senior Independent Non-Executive Director	5 out of 5
Datuk Anuar bin Ahmad	Independent Non-Executive Director	4 out of 5
Teo Chee Kok	Independent Non-Executive Director	5 out of 5
Dato' Wee Yiaw Hin (appointed on 30 March 2017)	Independent Non-Executive Director	Not Applicable*

\* There were no meetings held from 30 March 2017 to 31 March 2017.

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year, the ARMC carried out its duties in accordance with its Terms of Reference. The Terms of Reference of the ARMC are available on the Company's website ([www.enra.my](http://www.enra.my)).

Key activities undertaken by the ARMC are set out below:

### Financial Reporting

- Reviewed the Company's compliance of the quarterly and year-end financial statements with the MMLR of Bursa Securities, Financial Reporting Standards ("FRS") and other relevant legal and regulatory requirements before recommending for Board's approval.
- Reviewed the audited financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the Audited Financial Statements were drawn up in accordance with the FRS and the provision of the Companies Act, 2016.

## External Audit

- c) Reviewed the external auditors' scope of work and audit plans for the financial year to ensure sufficient coverage in terms of scope. Prior to the audit, representatives from the External Auditors presented their audit strategy and plan. The ARMC also met with the External Auditors twice in May 2016 and in February 2017 without the presence of the Executive Directors and Management to discuss any matters the External Auditors may wish to present.
- d) Reviewed with the External Auditors the results of the audit, the audit report and the management letter, including Management's responses to the audit findings.
- e) Considered the audit fees payable to the External Auditors against the size and complexity of the Company and its subsidiaries ("Group") before recommending for Board's approval.
- f) Reviewed the independence, objectivity and suitability of the External Auditors and services provided, including non-audit services. Details on the non-audit fees incurred for services rendered by the External Auditors and its affiliates for the financial year ended 31 March 2017 are disclosed in the Additional Compliance Information on page 51.
- g) Recommended the External Auditors' re-appointment to the Board to be proposed for shareholders' approval at the Annual General Meeting.

## Internal Audit and Risk Management

- h) Approved the Internal Audit Plan for financial year ended 31 March 2017.
- i) Reviewed the adequacy of the Internal Audit Department's resource requirements, programmes and the annual assessment of the Internal Audit Department's competency, performance and staff composition. The ARMC had also met with the Head of Internal Audit in May 2016 without the presence of the Executive Directors and Management to ensure there were no restrictions on the scope of his internal audit and to discuss any matters the Head of Internal Audit may wish to present.
- j) Reviewed and deliberated the internal audit reports that highlighted audit issues, recommendations and Management's responses. Discussed with Management the actions taken to improve the systems of internal control based on suggestions identified in the internal audit reports.
- k) Recommended to the Board, improvements in internal control procedures and risk management. The Chairman of the Executive Risk Management Committee ("ERMC") updated the ARMC quarterly on the risk profiles and risk management of the Group.
- l) Reviewed the effectiveness of the risk management system and the risk assessment reports from the ERMC. Significant risk issues were summarised and communicated to the Board for consolidation and resolution.

## Compliance and Others

- m) Reviewed the related party transactions and recurrent related party transactions of revenue or trading nature entered into by the Group.
- n) Reviewed the Statement on Corporate Governance, ARMC Report and Statement on Risk Management and Internal Control, pursuant to the MMLR of Bursa Securities and the Malaysian Code on Corporate Governance 2012, and recommended the same to the Board for approval.
- o) Reviewed the half-yearly report on the status of compliance of the Company's Code of Business Conduct to ensure any non-compliance is properly investigated.
- p) Received quarterly reports on whistleblowing issues to ensure actions were taken on any cases reported. No whistleblowing case was reported during the financial year under review.

## • AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### INTERNAL AUDIT FUNCTION

The Internal Audit function of the Company is carried out in-house led by the Head of Internal Audit who reports to the ARMC in discharging his duties. The Internal Audit function operates within the framework stated in the Internal Audit Charter approved by the ARMC. The Internal Audit function provides the ARMC with independent opinions of processes, risk exposure and systems of internal control of the Group.

The principal role of the Internal Audit function is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit function to provide the ARMC with independent and objective reports on the state of internal controls of the various operating units within the Group and the extent of compliance of the units within the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year under review, scheduled audits were performed on both the Oil and Gas Services Division as well as the Property Division in line within the approved audit plan by the ARMC for the year. The audit reports using the Committee of Sponsoring Organisations of the Tradeway Commission ("COSO") methodology presented by the Internal Audit function were reviewed by the ARMC on a quarterly basis through meetings held with the Head of Internal Audit and Management to discuss and consider the internal audit reports, the internal audit findings and recommendation to improve weaknesses or non-compliance, the Management responses thereto and updates from the Internal Auditors on the status of implementation of post-audit recommendations which have been agreed by the Management or the Board.

The costs incurred for the Internal Audit function in respect of the financial year ended 31 March 2017 is RM266,338.51.

This ARMC report is made in accordance with the resolution of the Board of Directors duly passed on 15 June 2017.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities ("Bursa Securities") requires the Board of Directors of a public listed company to include in its annual report a statement about the state of risk management and internal control of the listed issuer as a group. Bursa Securities' Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) provides guidance for compliance with these requirements. The Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia requires the Board of Directors to establish a sound risk management framework and Internal Control system. ENRA Group Berhad's ("ENRA") Board of Directors ("Board") is pleased to provide the following statement that is prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Securities which outlines the nature and scope of the Risk Management and Internal Control of ENRA during the financial year under review.

## BOARD RESPONSIBILITY

The Board acknowledges the importance of sound internal control and risk management practices to safeguard various stakeholders' interest and to address all key risks, which the Board considers relevant and material to ENRA and its subsidiaries' ("Group") operations. The Board affirms its overall responsibility for the Group's system of internal control and risk management process, which includes the establishment of an appropriate control environment and framework. The Board is also responsible for reviewing the effectiveness, adequacy and integrity of those systems. These systems are designed to manage rather than to eliminate any risk that may impact the Group arising from non-achievement of the Group's policies, goals and objectives. Such system provides reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the operational and financial controls affecting the achievement of its business objectives throughout the period. The Group Internal Audit Department plays a role in this respect. The process is semi-annually reviewed by the Audit and Risk Management Committee ("ARMC").

The Board maintains ultimate responsibility over the Group's system of internal control and risk management process that it has delegated to the Executive Committee for implementation. The Internal Audit function is to provide the reasonable assurance that the designed controls are in place and are operating as intended.

## RISK MANAGEMENT FRAMEWORK

The Board reviewed the risk management processes in place within the Group with the assistance of the Executive Risk Management Committee ("ERMC") and the Group Internal Audit Department.

The ERMC meets on a quarterly basis to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted.

The key elements of the Group's risk management framework are as follows:

- The ERMC which is chaired by the President & Group Chief Executive Officer with the Executive Committee as members and the Internal Auditor as the risk coordinator. The ERMC is entrusted with the term of reference and the responsibility to identify and communicate to the Board the key risks the Group faces, their changes, and the management actions and plans to manage the risks.
- The Risk Management policy guide and manual, which outlines the corporate policy and framework on risk management for the Group and offers practical guidance on risk management issues. Pursuant to the said policy, the Risk Management Units ("RMUs") at the subsidiary/operational level were set up to report quarterly to the ERMC.
- The Enterprise Risk Management ("ERM") framework which is defined as methods and processes used by an organization to manage risks and seize opportunities related to the achievement of their objectives, the key feature of which is a risk governance structure comprising three lines of defense with established and clear functional responsibilities and accountabilities of the Management of risk. The process owners and heads of various business units and supporting functions are the first line of defense and are accountable for all risks assumed under their respective areas of responsibility in line with the Risk Management policy and guidelines.

## • STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The RMUs with oversight by the ERM provides the second line of defense. Quarterly updates on risk management are given by the heads of the various business units and certain supporting functions to the RMUs, which in turn reports the ERM. The ERM provides directions and has an oversight role in the risk management process. At its scheduled quarterly meetings, the ERM appraised and assessed the efficiency of the controls and progress of actions plans taken to mitigate and monitor the risk management exposure of the Group. The ERM also monitored the progress and status of the risk management activities, as well as raised issues of concern for Management's attention.
- The Internal Audit function provides the third line of defense. The function reports directly to the ARMC and provides independent assurance of the adequacy and reliability of risk management processes and system of internal control and ensures compliance with risk related requirements.

Within the framework, there is an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the business units and supporting function, with regular communication between the business units and the RMU's that in turn reports the ERM.

The level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risks parameter boundary set by the ERM and approved by the Board of Directors. The parameters set those risks that are deemed to exceed or close to exceeding risk tolerance and those which have not. There is established risk treatment guidance on the action to be taken for the relevant risks.

The group's activities are exposed to a variety of risks, including operating, financial, strategic management, human resource, information technology, procurement, sales and marketing and safety, health and environment. The Group has relevant policies and guidelines on risk reporting and disclosure that cover those risks.

Please refer to the Statement on Risk Management and Internal Control published on the Company's website ([www.enra.my](http://www.enra.my)) for additional diagrams and illustration on the Group's risk management framework.

### MANAGEMENT OF SIGNIFICANT RISKS

The management of the significant risks identified for the financial year ended 31 March 2017 are as follows:

1. Strategic Management Risks in managing the principals and customers. Currently the sales team's plan is to continue to increase knowledge and competency to add value to our services that will ensure dependency from both customer and principal. We focus on education, diversification, and transfer of knowledge to maintain and enhance the relationship in this ever challenging and changing environment.
2. Environmental Risks exist as we are operating within both the oil & gas and properties development industries/segments which are exposed to compliance risk of the laws and regulations including those relating to health and safety, environmental and compliance with the various certifications required for the industries. We currently have various preventive maintenance programs, training and development, and processes for risk assessment and monitoring and control based on ISO 9001 quality objectives. There is an approved plan to build our own chemical refilling and storage facility with proper safety and environmental control system.
3. Financial Risks exist because the Group's businesses are exposed to credit, liquidity, interest rates fluctuation and foreign currency exchange rates fluctuation risks. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosure relating to financial risks are set out in the financial statements section of this annual report.

### INTERNAL AUDIT FUNCTION

At present, there is an in-house Internal Audit function. The Internal Audit function operates within the framework stated in its Internal Audit Charter, which is approved by the ARMC. The Internal Audit function provides the ARMC with independent opinions of processes, risk exposure and systems of internal control using the Committee of Sponsoring Organization of the Treadway Commission Internal Control - Integrated Framework as a guide.

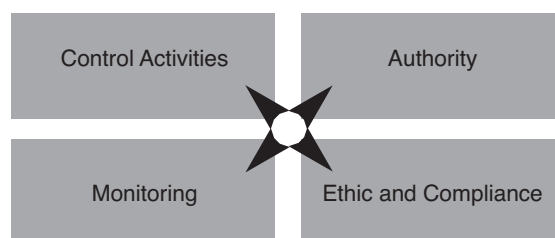
The Internal Audit function assesses the Group's Internal Control system according to the following five interrelated control elements:

- Control Environment
- Control Activity
- Monitoring
- Risk Assessment
- Information and Communication

The Internal Audit team independently reviews the key business processes, and reports to the ARMC on a quarterly basis. The ARMC reviews and evaluates the key audit issues raised by the Internal Audit function and ensures that appropriate and prompt remedial action is taken by Management. During the financial year, the Internal Audit function prepared and presented an annual audit review schedule to ARMC. This annual schedule outlines the key business processes of the Group's property development as well as oil and gas services activities. The ARMC had reviewed and approved the schedule providing the Internal Audit team with the mandate in assessing the adequacy and effectiveness of the Group's internal control system.

## CONTROL ENVIRONMENT AND STRUCTURE

Apart from the above, the other key elements of the Group's internal control system include:



- a) Policies, procedures and limits of authority make up the control activities and authority
  - Clearly documented internal policies, standards and procedures are in place and semi-annually updated to reflect and enhance operational efficiency. Cases of non-compliance with policies and procedures are reported to the ARMC.
  - Clearly defined delegation of responsibilities to committees of the Board and to Management including organization structures and appropriate authority levels.
- b) Strategic business planning, budgeting and performs the monitoring role
  - Weekly and regular comprehensive information provided to Management for monitoring through the key management personnel meetings on performance against strategic plans covering all key financial, operational and property venture indicators.
  - Detailed budgeting process requiring all business units to review their budgets periodically. The budgets are discussed and approved by the President & Group Chief Executive Officer and subsequently the Board.
  - The Group Chief Financial Officer provides the Board with quarterly financial information. This effective reporting system exposes significant variances against the budget. Key variances are followed up by Management and reported to the Board.
- c) Risk assessment ensures that all are in compliance and meet the ethical requirements of the ethics code.
  - The President & Group Chief Executive Officer, with the input from the ERM, reviews with the ARMC on any significant changes in internal and external environment, which affects the Group's risk profile.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL •

### CODE OF BUSINESS CONDUCT SIGN OFF BY EMPLOYEES AND EXCO

The Group communicates the Code of Business Conduct to its employees upon their employment. The Code of Business Conduct reinforces the Group's core value on integrity by providing guidance on moral and ethical behavior that is expected from all employees in following the laws, policies, standards and procedures. Every six months or half yearly, the employees and Executive Committee of the Group and its Subsidiaries confirm compliance with the Code of Business Conduct questionnaire for disclosure of any irregularities or breach of the code. The feedback from the questionnaire is considered by the Executive Committee and further deliberated by the ARMC. There are no irregularities or breaches in this financial year.

### WHISTLEBLOWING POLICY

A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement of Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide 5 (Revised), Guidance for Auditors on Engagement and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 March 2017, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines nor is the Statement factually inaccurate.

### BOARD ASSURANCE

For the financial year under review, the Board is satisfied and is of the view that the risk management and internal control systems in place for the year under review and up to the date of issuance of the financial statements are adequate and effective and there are no material losses resulting from significant weaknesses that require separate disclosure in the Annual Report.

The Board has also received assurance from the Executive Directors, President & Group Chief Executive Officer and the Company's Chief Financial Officer that to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. Nevertheless, the Board together with the Management of the Group are continuously taking measures to improve the policies and processes to further strengthen the key elements of Risk Management and Internal Control systems.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors duly passed on 15 June 2017.

# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of Proceeds

The Company did not raise any proceeds from corporate proposals during the financial year under review.

## Audit and Non-Audit Fees

The amount of remuneration received and receivable by the Company's auditors, or a firm or corporation affiliated to the Company's auditors for services rendered to the Group and the Company for the financial year under review are as follows:

	Group RM'000	Company RM'000
<b>Statutory audit fees:</b>		
By the Company's auditors	107	50
By BDO LLP, a member firm of the Company's auditors	64	-
	171	50
<b>Non-audit fees:</b>		
By the Company's auditors	25	22
By affiliated company of the Company's auditors (tax related)	70	10
	95	32
	266	82

## Material Contracts Involving The Interests of The Directors or Major Shareholders

On 18 March 2016, the Company had entered into an agreement ("SSA") in respect of the disposal of 2,400,000 ordinary shares of RM1 each representing 30% equity held by the Company in Landmark Zone Sdn. Bhd. ("LZSB") to Meridian Hectares Sdn. Bhd. ("MHSB") for a cash consideration of RM13.90 million.

As at that date, the Company held 70% equity stake in LZSB while MHSB held the remaining 30%.

However, on 10 May 2016, the Company and MHSB mutually agreed to terminate the SSA for the proposed disposal to renegotiate the terms and conditions to explore the possibility of disposing a higher equity interest in LZSB held by the Company.

Loh Chen Yook, being a Non-Independent Non-Executive Director of the Company, is a Director and major shareholder of MHSB.

Save for the above, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of the Directors and major shareholders which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

## Revaluation of Landed Properties

The Group has not adopted a policy of regular revaluation on landed properties. However, fair value accounting is applied for properties classified under the Group's Investment Properties before they were classified under Disposal Group held for sale during the financial year.

## Share Buy Back

The shareholders of the Company, by way of an ordinary resolution passed at the annual general meeting held on 19 September 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company.

The shares of the Company repurchased were held as treasury shares in accordance with Section 127(6) of the Companies Act, 2016 in Malaysia.

As at 31 March 2017, the Group held 1,289,400 (2016: 1,289,400) of the Company's treasury shares at a total cost of RM1,199,000 (2016: RM1,199,000).

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 ("Act") to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries (the "Group") as at the end of the financial year, and of the results, financial performance and cash flows of the Group and the Company for the financial year.

The Directors consider that, in preparing the financial statements, the Group and the Company have consistently applied appropriate accounting policies on a going concern basis, supported by reasonable judgements and estimates that are prudent, and in compliance with all applicable Financial Reporting Standards, and the requirements of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have general responsibility for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company and for taking such steps as are reasonably open to them to ensure that proper internal controls are in place to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of the Directors dated 15 June 2017.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment, investment holding and management services activities.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 9 to the financial statements.

## SUBSIDIARIES

The details of the subsidiaries are set out in Note 9 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year from:		
- continuing operations	19,532	(5,574)
- discontinued operations	(84,011)	(83,475)
Loss for the financial year	(64,479)	(89,049)
Attributable to:		
Equity holders of the Company	(72,081)	(89,049)
Non-controlling interests	7,602	-
	(64,479)	(89,049)

## DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM'000
In respect of financial year ended 31 March 2016:	
- First interim single-tier dividend of 3 sen per ordinary share, paid on 17 August 2016	4,048
- A special interim single-tier dividend of 5 sen per ordinary share, paid on 17 August 2016	6,746
	10,794

The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 March 2017.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.



## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## TREASURY SHARES

As at 31 March 2017, the Company held 1,289,400 treasury shares at a total cost of RM1,199,000.

## DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year and ending on the date of this report :

### Directors of the Company

Datuk Ali bin Abdul Kadir (Chairman)  
 Dato' Kamaluddin bin Abdullah (Executive Deputy Chairman)\*  
 Dato' Mazlin bin Md Junid (President & Group Chief Executive Officer)\*  
 Kok Kong Chin (Executive Director)\*  
 Tan Sri Dato' Seri Shamsul Azhar bin Abbas  
 Datuk Anuar bin Ahmad  
 Loh Chen Yook\*  
 Teo Chee Kok  
 Dato' Wee Yiau Hin @ Ong Yiau Hin (appointed on 24 August 2016)

\* These Directors of the Company were also the Directors of certain subsidiaries of the Company.

### Other directors of the Company's subsidiaries undertakings (as defined in Section 253 of the Companies Act, 2016)

Abdul Karim bin Ali  
 Ami Akhram bin Abdullah  
 Azmi bin Mohamad  
 Andrew Leslie Fooks  
 Dato' Ong Chong Sek  
 Datin Azrene bt Abdullah  
 David Charles Field  
 Faizul bin Zainol  
 Ir. Mohd Arifin bin Samingun  
 Ir. Mohamad Radzi bin A Rahman  
 Ir. Mohd Razali bin Ramli  
 Kamalukhair bin Abdullah  
 Kee Wan Yong  
 Koo Siew Ling  
 Lau Lee Hoong  
 Law Wai Cheong  
 Mohd Arif Shah bin Omar  
 Norsharizal bin Mashahrin  
 Putri Suraya binti Omar  
 Rayburn Azhar bin Ali  
 Tong Lee Hiong  
 Zainun binti Yusof (alternate Director to Dato' Mazlin bin Md Junid)

In accordance with Article 76 of the Company's Articles of Association, Dato' Mazlin bin Md Junid, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datuk Anuar bin Ahmad retire from the Board of the Company at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 83 of the Company's Articles of Association, Dato' Wee Yiau Hin @ Ong Yiau Hin retires from the Board at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

## • DIRECTORS' REPORT

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	Balance as at 1.4.2016	Number of ordinary shares		Balance as at 31.3.2017
		Bought	Sold	
<b><u>Shares in the Company</u></b>				
<b>Direct interests</b>				
Datuk Ali bin Abdul Kadir	4,000,000	-	-	4,000,000
Dato’ Kamaluddin bin Abdullah	4,507,629	8,000,000	-	12,507,629
Kok Kong Chin	3,000,000	-	-	3,000,000
<b>Indirect interests</b>				
Dato’ Kamaluddin bin Abdullah	44,600,000	-	-	44,600,000
Dato’ Mazlin bin Md Junid	29,400,000	-	-	29,400,000
Tan Sri Dato’ Seri Shamsul Azhar bin Abbas	-	2,000,000	-	2,000,000
<b><u>Shares in a subsidiary</u></b>				
<b>Landmark Zone Sdn. Bhd.</b>				
<b>Indirect interests</b>				
Loh Chen Yook	2,400,000	-	-	2,400,000

By virtue of their interests in the ordinary shares of the Company, Dato' Kamaluddin bin Abdullah and Dato' Mazlin bin Md Junid are also deemed to be interested in the ordinary shares of all the subsidiaries during the financial year to the extent the Company has an interest under Section 8(4) of the Companies Act, 2016.

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 41 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The amounts of the remunerations of the Directors of the Company comprising remunerations received/receivable from the Group and the Company during the year are as follows:

	<b>Group/ Company RM'000</b>
Fees	400
Remunerations	2,186
Contribution to defined contribution plan	207
	2,793
Benefit-in-kind	266
	3,059

**INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

Total amount of professional indemnity insurance premium paid for the Directors and officers of the Group and of the Company is as follows:

	<b>Group/ Company RM'000</b>
Directors and officers	18

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## • DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year, other than those disclosed elsewhere in the financial statements, are disclosed in Note 45 to the financial statements.

### SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of subsequent events after the end of the reporting period is disclosed in Note 46 to the financial statements.

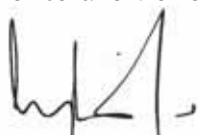
### AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM'000	Company RM'000
Statutory audit	171	50
Other services	25	22
	196	72

Signed on behalf of the Board in accordance with a resolution of the Directors.



**Dato' Mazlin bin Md Junid**  
Director



**Loh Chen Yook**  
Director

Kuala Lumpur  
15 June 2017

# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 64 to 143 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 47 to the financial statements on page 144 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,



**Dato' Mazlin bin Md Junid**  
Director



**Loh Chen Yook**  
Director

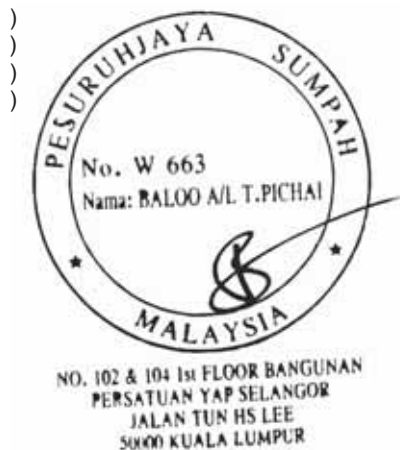
Kuala Lumpur  
15 June 2017

# STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Ami Akhram bin Abdullah, being the Officer primarily responsible for the financial management of ENRA Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 144 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared by the above named at  
Kuala Lumpur this  
15 June 2017



**Ami Akhram bin Abdullah**

Before me,

# INDEPENDENT AUDITORS' REPORT

to the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ENRA Group Berhad, which comprise statements of financial position as at 31 March 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment assessment of the carrying amount of goodwill

As at 31 March 2017, goodwill on consolidation was RM8.5 million as disclosed in Note 11 to the financial statements.

Impairment assessment of the carrying amount of goodwill performed by management were significant to our audit as the assessment process requires management to make significant judgements about the future results and the key assumptions applied to cash flow forecast and projections of the Cash Generating Unit ("CGU"). These key assumptions include forecast growth in future revenue and operating profit margin, as well as determining an appropriate pre-tax discount rate and growth rate.

### Audit response

Our audit procedures included the following:

- (a) assessed the key assumptions including growth rate in revenue of the CGU by reference to historical rates achieved and our understanding of the business;
- (b) considered the appropriateness of the discount rate applied by comparing to market data and assessed inputs used by management to derive the discount rate;
- (c) applied sensitivity analysis on the key assumptions used in the cash flow forecast and projections to assess the possible range of outcomes and the overall risk of any material impairment; and
- (d) verified budgeted operating profit margin and growth rate by assessing evidence available to support these assumptions and corroborate the findings from other areas of our audit.

**INDEPENDENT AUDITORS' REPORT •**  
to the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)

**Key Audit Matters (continued)**

**Recoverability of trade receivables**

As at 31 March 2017, trade receivables that had been past due but not impaired amounted to RM38.7 million have been disclosed in Note 14 to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

The determination of whether trade receivables are recoverable involves significant management judgement.

***Audit response***

Our audit procedures included the following:

- (a) challenged assessment of management that no further allowance for impairment loss was required based on analysis of customer creditworthiness, past historical payment trends and expectation of repayment patterns;
- (b) critically assessed recoverability of debts that were past due but not impaired with reference to the historical bad debt expense, credit profiles of the counter parties and past historical repayment trends; and
- (c) assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## • INDEPENDENT AUDITORS' REPORT

to the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**INDEPENDENT AUDITORS' REPORT •**  
to the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 9 to the financial statements.

**Other Reporting Responsibilities**

The supplementary information set out in Note 47 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**BDO**  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
15 June 2017



**Ng Soe Kei**  
2982/08/17 (J)  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	3,716	4,267	792	2,612
Investment properties	8	-	170,400	-	169,863
Investments in subsidiaries	9	-	-	10,909	5,611
Investment in an associate	10	-	-	-	-
Deferred tax assets	23	1,929	-	-	-
Goodwill on consolidation	11	8,505	-	-	-
		14,150	174,667	11,701	178,086
Current assets					
Property development costs	12	-	65,363	-	-
Inventories	13	77,231	41,208	-	-
Trade and other receivables	14	81,499	78,167	52,759	62,563
Derivative assets	16	73	-	73	-
Current tax assets		1,286	654	1,103	654
Cash and bank balances and short term funds	17	64,065	37,169	5,174	11,262
		224,154	222,561	59,109	74,479
Assets held for sale	18	85,156	-	85,575	-
TOTAL ASSETS		323,460	397,228	156,385	252,565
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	19	144,744	136,208	144,744	136,208
Redeemable convertible preference shares equity	20	409	-	-	-
Treasury shares	21	(1,199)	(1,199)	(1,199)	(1,199)
Non-distributable reserves	22	347	8,875	-	8,536
Retained earnings/(Accumulated losses)		8,444	91,319	(29,228)	70,615
		152,745	235,203	114,317	214,160
Non-controlling interests		18,260	11,026	-	-
TOTAL EQUITY		171,005	246,229	114,317	214,160

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION •

as at 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES (continued)					
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	23	101	200	-	106
Trade and other payables	24	1,313	6,104	-	-
Borrowings	25	17,627	35,360	11,102	19,538
Redeemable convertible preference shares liability	20	648	-	-	-
		19,689	41,664	11,102	19,644
Current liabilities					
Trade and other payables	24	82,327	86,374	3,488	3,980
Borrowings	25	45,575	20,945	27,478	14,781
Current tax liabilities		4,857	2,016	-	-
		132,759	109,335	30,966	18,761
Liabilities held for sale	18	7	-	-	-
TOTAL LIABILITIES		152,455	150,999	42,068	38,405
TOTAL EQUITY AND LIABILITIES		323,460	397,228	156,385	252,565

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>					
Revenue	30	179,338	122,309	-	-
Cost of sales	31	(124,365)	(86,595)	-	-
Gross profit		54,973	35,714	-	-
Other income		622	1,550	4,425	35,693
Administrative expenses		(22,323)	(12,504)	(9,812)	(6,394)
Other expenses		(4,266)	(2,405)	(181)	(571)
Finance costs	32	(470)	(760)	(6)	-
Share of results of an associate, net of tax	10	(15)	-	-	-
Profit/(Loss) before tax	33	28,521	21,595	(5,574)	28,728
Tax expense	34	(8,989)	(6,764)	-	-
Profit/(Loss) for the financial year from continuing operations		19,532	14,831	(5,574)	28,728
<b>Discontinued operations</b>					
Loss for the financial year from discontinued operations, net of tax	35	(84,011)	(448)	(83,475)	(1,158)
(Loss)/Profit for the financial year		(64,479)	14,383	(89,049)	27,570
Other comprehensive income:					
Foreign currency translations, net of tax		12	84	-	-
Total comprehensive (loss)/income		(64,467)	14,467	(89,049)	27,570

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME •

for the financial year ended 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/Profit attributable to:					
Equity holders of the Company		(72,081)	8,913	(89,049)	27,570
Non-controlling interests		7,602	5,470	-	-
		(64,479)	14,383	(89,049)	27,570
<hr/>					
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(72,073)	8,977	(89,049)	27,570
Non-controlling interests		7,606	5,490	-	-
		(64,467)	14,467	(89,049)	27,570
<hr/>					
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted	36				
Profit from continuing operations		8.84	6.93		
Loss from discontinued operations		(62.23)	(0.33)		
(Loss)/Profit for the financial year		(53.39)	6.60		

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2017

Group	Non-distributable					Distributable		Total attributable to equity holders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000				
Balance as at 31 March 2015	136,208	8,536	275	-	(1,199)	79,642		223,462	-	223,462
Profit for the financial year	-	-	-	-	-	8,913		8,913	5,470	14,383
Other comprehensive income, net of tax	-	-	-	64	-	-		64	20	84
Total comprehensive income	-	-	-	64	-	8,913		8,977	5,490	14,467
Transactions with owners										
Change in equity interest in a subsidiary	-	-	-	-	-	2,764		2,764	5,536	8,300
Total transactions with owners	-	-	-	-	-	2,764		2,764	5,536	8,300
Balance as at 31 March 2016	136,208	8,536	275	64	(1,199)	91,319		235,203	11,026	246,229

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY •

for the financial year ended 31 March 2017

Group	Note	Non-distributable				Distributable				Total equity RM'000
		Share capital RM'000	Share preference convertible shares RM'000	Share premium RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
<b>Balance as at 31 March 2016</b>		136,208	-	8,536	275	64	(1,199)	91,319	11,026	246,229
(Loss)/Profit for the financial year		-	-	-	-	-	-	(72,081)	7,602	(64,479)
Other comprehensive income, net of tax		-	-	-	-	8	-	-	4	12
<b>Total comprehensive income</b>		-	-	-	-	8	-	(72,081)	7,606	(64,467)
<b>Transactions with owners</b>										
Additional non-controlling interests arising from business combinations	9	-	-	-	-	-	-	-	(491)	(491)
Issuance of redeemable convertible preference shares	20	-	409	-	-	-	-	-	-	409
Issue of shares by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	119	119
Dividends to equity holders of the Company	37	-	-	-	-	-	-	(10,794)	-	(10,794)
<b>Total transactions with owners</b>		-	409	-	-	-	-	(10,794)	(372)	(10,757)
Effects of the new Companies Act, 2016	19	8,536	-	(8,536)	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>		144,744	409	-	275	72	(1,199)	8,444	152,745	171,005

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2017

Company	← Non-distributable →			Distributable	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated losses) RM'000	
<b>Balance as at 31 March 2015</b>	136,208	8,536	(1,199)	43,045	186,590
Profit for the financial year	-	-	-	27,570	27,570
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	27,570	27,570
<b>Balance as at 31 March 2016</b>	136,208	8,536	(1,199)	70,615	214,160
Loss for the financial year	-	-	-	(89,049)	(89,049)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(89,049)	(89,049)
<b>Transactions with owners</b>					
Dividends to equity holders of the Company (Note 37)	-	-	-	(10,794)	(10,794)
Total transactions with owners	-	-	-	(10,794)	(10,794)
Effects of the new Companies Act, 2016 (Note 19)	8,536	(8,536)	-	-	-
<b>Balance as at 31 March 2017</b>	144,744	-	(1,199)	(29,228)	114,317

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax from:					
Continuing operations		28,521	21,595	(5,574)	28,728
Discontinued operations	35(b)	(84,160)	(85)	(83,620)	(1,142)
Adjustments for:					
Bad debts written off		20	1	-	1
Depreciation of property, plant and equipment	7	1,108	938	488	366
Fair value adjustments on investment properties	8	79,076	3,700	79,288	3,191
Fair value gain on derivatives	16	(73)	-	(73)	-
Gain on disposal of subsidiaries	9	(286)	(295)	-	(28,797)
Loss on disposal of property, plant and equipment		-	25	-	-
Gain on disposal of equity interest in a subsidiary		-	-	-	(5,900)
Impairment losses on trade receivables	14(d)	-	162	-	-
Impairment losses on disposal group	18	7,846	-	7,238	-
Unrealised loss/(gain) on foreign exchange	33	410	(176)	365	-
Share of results of an associate, net of tax	10	15	-	-	-
Interest expense		3,197	4,667	2,733	3,327
Interest income		(924)	(801)	(1,453)	(1,107)
Operating profit/(loss) before changes in working capital		34,750	29,731	(608)	(1,333)
Decrease in property development costs		65,363	11,235	-	-
Increase in inventories		(36,707)	(44,609)	-	-
Decrease/(Increase) in trade and other receivables		2,038	(23,782)	1,930	(444)
(Decrease)/Increase in trade and other payables		(19,802)	31,578	(493)	(1,385)
Cash generated from/(used in) operations		45,642	4,153	829	(3,162)
Tax paid		(8,659)	(6,566)	(410)	(628)
Net cash from/(used in) operating activities		36,983	(2,413)	419	(3,790)

The accompanying notes form an integral part of the financial statements.

## • STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		924	801	1,453	520
Uplift/(Placement) of fixed deposits pledged		1,182	(2,930)	(51)	(50)
Proceeds from disposal of:					
- subsidiaries	9	-	82,789	-	73,200
- equity interest in a subsidiary		-	8,300	-	8,300
- property, plant and equipment		-	22	-	-
Acquisition of:					
- subsidiary, net of cash	9	(2,817)	-	-	(7)
- investment properties	8	-	(15)	-	-
- property, plant and equipment	7	(1,522)	(1,648)	(346)	(378)
Additional investments in subsidiaries		-	-	(5,300)	-
Issuance of shares by subsidiary to non-controlling interests		119	-	-	-
Advances from a related party		-	4,914	-	-
Repayments from/(Advances to) subsidiaries		-	-	6,952	(34,281)
Net cash (used in)/from investing activities		(2,114)	92,233	2,708	47,304
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(3,197)	(4,667)	(2,733)	(3,198)
Issuance of redeemable convertible preference shares		1,057	-	-	-
Dividend paid		(10,794)	-	(10,794)	-
Net drawdown of trade facilities		5,222	-	-	-
Drawdown of borrowings		1,786	19,523	-	-
Repayments of:					
- hire-purchase and lease creditors		(220)	(218)	(89)	(121)
- other borrowings		(3,497)	(45,984)	-	(11,800)
- term loans		(10,961)	(9,053)	(8,125)	(7,199)
Net cash used in financing activities		(20,604)	(40,399)	(21,741)	(22,318)
Net increase/(decrease) in cash and cash equivalents		14,265	49,421	(18,614)	21,196
Cash and cash equivalents at beginning of financial year		25,644	(22,918)	2,950	(18,246)
Effects of exchange rate changes on cash and cash equivalents		(230)	(859)	-	-
Cash and cash equivalents at end of financial year	17(f)	39,679	25,644	(15,664)	2,950

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

## 1. CORPORATE INFORMATION

ENRA Group Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at D2-U3-10, Block D2, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2017 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 June 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment, investment holding and investment services activities. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 9 to the financial statements.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 64 to 143 have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the provisions of the Companies Act, 2016 in Malaysia.

However, Note 47 to the financial statements set out on page 144 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities.

### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.2 Basis of consolidation (continued)**

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual agreements; and
- (iii) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to equity holders of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (i) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- (ii) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- (iii) Assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (i) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (ii) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value, or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the costs of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates and period are as follows:

Hotel properties	2%
Hotel renovation	6.67%
Buildings	50 years
Furniture, fittings, renovation and office equipment	10% - 33.33%
Computer hardware and software	20% - 33.33%
Motor vehicles	20%
Plant and machinery	10%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.11 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

#### 4.5 Leases and hire-purchase

##### (a) Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.5 Leases and hire-purchase (continued)**

###### **(b) Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

##### **4.6 Property development costs**

Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

##### **4.7 Construction contracts**

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

##### **4.8 Investment properties**

Investment properties are properties, which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuer with appropriate recognised professional qualification and have recent experience in the category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.9 Investments**

(a) **Subsidiaries**

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) **Associate**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions.

Investment in associate is stated in the separate financial statements at cost less impairment losses.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interests in an equity accounted associate, the carrying amount of that interests including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**4.10 Goodwill**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill has been allocated to the cash-generating units ("CGU") of the Group. The recoverable amount of a CGU requires management's estimate and is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.11 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associate), inventories, property development costs, deferred tax assets and investment properties measured at fair value and non-current assets (or disposal groups) held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the CGU to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately. An impairment loss on assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

##### **4.12 Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost comprises all cost of purchases plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **4.13 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.13 Financial instruments (continued)**

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.13 Financial instruments (continued)**

###### **(a) Financial assets (continued)**

Cash and cash equivalents consist of cash on hand, bank overdrafts and fixed deposits with banks and other short term, highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

###### **(b) Financial liabilities**

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

###### **(i) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

###### **(ii) Other financial liabilities**

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.13 Financial instruments (continued)**

(b) Financial liabilities (continued)

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury shares method.

Where the treasury shares method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.13 Financial instruments (continued)

###### (d) Redeemable convertible preference shares

The redeemable convertible preference shares are regarded as compound instruments, consisting of a liability component and an equity component. The component of convertible redeemable preference shares that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. On issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other payables.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholders' equity, net of transaction costs. The dividends on these shares is recognised in equity in the period in which they are declared.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

##### 4.14 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

###### *Loans and receivables*

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

##### 4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.16 Income taxes**

Income taxes include all taxes on taxable profits and other taxes such as real property gains taxes payables on disposal of properties, if any.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.17 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

##### **4.18 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

##### **4.19 Employee benefits**

###### **(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses and rewards are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

###### **(b) Defined contribution plan**

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.20 Foreign currencies**

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

**4.21 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivables, net of discount and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Rental income

Rental income is recognised on an accrual basis.

(b) Interest income

Interest income is recognised on an accrual basis.

(c) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.



#### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **4.21 Revenue recognition (continued)**

(d) Logistic and oil and gas income

Logistic and oil and gas income is recognised upon rendering of services.

(e) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purposes of use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (percentage-of-completion method). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim recognised as contract revenue when it is probable that the customer will approved the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(f) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development cost on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

##### **4.22 Disposal group held for sale and discontinued operations**

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**4.23 Operating segments**

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten per cent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten per cent (10%) or more of the greater, in absolute amount of:
  - (i) The combined reported profit of all operating segments that did not report a loss; and
  - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten per cent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75%) percent of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

**4.24 Earnings per share**

- (i) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year (excluding the treasury shares).

- (ii) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares (excluding treasury shares).

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 4.25 Fair value measurement

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (i) The condition and location of the asset; and
- (ii) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (i) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (ii) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

#### 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

##### 5.1 New FRSs adopted during the financial year

On 1 January 2016, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective Date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

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### 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

#### 5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Standards that are issued but not yet effective up to the date of issuance of financial statement of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share - based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 46, 47AA and 48
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E, and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G, and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

#### 5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

##### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venture (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the MFRS Framework to the financial period beginning 1 April 2018 when it becomes mandatory. In presenting its first MFRS financial statements, the Group would be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition would be made, retrospectively, against opening retained earnings.

## **6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **6.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

### **6.2 Critical judgements made in applying accounting policies**

The Directors are of the view that there is no critical judgement made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

### **6.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **(a) Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the CGU to which goodwill is allocated.

When management determines the recoverable amount of the goodwill using the value in use method, management is required to estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 11 to the financial statements.

#### **(b) Impairment of receivables**

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables.

The Group assesses annually at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets than can be reliably estimated.

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.4.2016 RM'000	Acquisition of subsidiary (Note 9) RM'000	Additions RM'000	Depreciation charge for the year RM'000	Transfer to assets held for sale (Note 18) RM'000	Balance as at 31.3.2017 RM'000
<b>2017</b>						
<b>Carrying amount</b>						
Buildings	1,717	-	-	(39)	(1,678)	-
Furniture, fittings, renovation and office equipment	796	-	942	(408)	-	1,330
Computer hardware and software	461	-	247	(274)	-	434
Motor vehicles	840	-	720	(319)	-	1,241
Plant and machinery	453	65	261	(68)	-	711
	4,267	65	2,170	(1,108)	(1,678)	3,716

	At 31.3.2017		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Furniture, fittings, renovation and office equipment	2,566	(1,236)	1,330
Computer hardware and software	1,040	(606)	434
Motor vehicles	1,990	(749)	1,241
Plant and machinery	801	(90)	711
	6,397	(2,681)	3,716

Group	Balance as at 1.4.2015 RM'000	Additions RM'000	Disposal of subsidiaries (Note 9) RM'000	Disposals RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2016 RM'000
<b>2016</b>						
<b>Carrying amount</b>						
Hotel properties	16,109	-	(16,020)	-	(89)	-
Hotel renovation	11,789	-	(11,533)	-	(256)	-
Buildings	1,756	-	-	-	(39)	1,717
Furniture, fittings, renovation and office equipment	1,541	795	(1,261)	(47)	(232)	796
Computer hardware and software	313	378	(51)	-	(179)	461
Motor vehicles	234	745	(18)	-	(121)	840
Plant and machinery	-	475	-	-	(22)	453
	31,742	2,393	(28,883)	(47)	(938)	4,267

**NOTES TO THE FINANCIAL STATEMENTS •**  
for the financial year ended 31 March 2017

**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

	← At 31.3.2016 →	
	<b>Cost</b>	<b>Accumulated depreciation</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Carrying amount</b>
		<b>RM'000</b>
Buildings	1,951	(234)
Furniture, fittings, renovation and office equipment	1,624	(828)
Computer hardware and software	793	(332)
Motor vehicles	1,270	(430)
Plant and machinery	475	(22)
	6,113	(1,846)
		4,267

<b>Company</b>	<b>Balance as at 1.4.2016</b>	<b>Additions</b>	<b>Depreciation charge for the year</b>	<b>Transfer to assets held for sale (Note 18)</b>	<b>Balance as at 31.3.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2017</b>					
<b>Carrying amount</b>					
Buildings	1,717	-	(39)	(1,678)	-
Furniture, fittings, renovation and office equipment	269	148	(113)	-	304
Computer hardware and software	351	198	(224)	-	325
Motor vehicles	275	-	(112)	-	163
	2,612	346	(488)	(1,678)	792

	← At 31.3.2017 →	
	<b>Cost</b>	<b>Accumulated depreciation</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Carrying amount</b>
		<b>RM'000</b>
Furniture, fittings, renovation and office equipment	1,181	(877)
Computer hardware and software	849	(524)
Motor vehicles	652	(489)
	2,682	(1,890)
		792

## for the financial year ended 31 March 2017

Company	Balance as at 1.4.2015 RM'000	Additions RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2016 RM'000
2016				
Carrying amount				
Buildings	1,757	-	(40)	1,717
Furniture, fittings, renovation and office equipment	236	135	(102)	269
Computer hardware and software	254	243	(146)	351
Motor vehicles	169	184	(78)	275
	2,416	562	(366)	2,612
		← At 31.3.2016 →		
		Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Buildings		1,952	(235)	1,717
Furniture, fittings, renovation and office equipment		1,033	(764)	269
Computer hardware and software		651	(300)	351
Motor vehicles		652	(377)	275
		4,288	(1,676)	2,612

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	2,170	2,393	346	562
Financed by hire-purchase arrangements	(648)	(745)	-	(184)
Cash payments on purchase of property, plant and equipment	1,522	1,648	346	378

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	1,240	838	162	272



**NOTES TO THE FINANCIAL STATEMENTS •**  
for the financial year ended 31 March 2017

**8. INVESTMENT PROPERTIES**

Group	Balance as at 1.4.2016 RM'000	Additions RM'000	Fair value adjustments (Note 35(c)) RM'000	Transfer to assets held for sale (Note 18) RM'000	Balance as at 31.3.2017 RM'000
<b>2017</b>					
<b>Carrying amount</b>					
At fair value:					
Buildings	170,400	-	(79,076)	(91,324)	-

Group	Balance as at 1.4.2015 RM'000	Additions RM'000	Disposal of subsidiaries (Note 9) RM'000	Fair value adjustments (Note 35(c)) RM'000	Balance as at 31.3.2016 RM'000
<b>2016</b>					
<b>Carrying amount</b>					
At fair value:					
Freehold land	32,302	-	(32,302)	-	-
Buildings	285,347	15	(111,262)	(3,700)	170,400
	317,649	15	(143,564)	(3,700)	170,400

Company	Balance as at 1.4.2016 RM'000	Additions RM'000	Fair value adjustments (Note 35(c)) RM'000	Transfer to assets held for sale (Note 18) RM'000	Balance as at 31.3.2017 RM'000
<b>2017</b>					
<b>Carrying amount</b>					
At fair value:					
Buildings	169,863	-	(79,288)	(90,575)	-

Company	Balance as at 1.4.2015 RM'000	Additions RM'000	Disposals RM'000	Fair value adjustments (Note 35(c)) RM'000	Balance as at 31.3.2016 RM'000
<b>2016</b>					
<b>Carrying amount</b>					
At fair value:					
Buildings	173,054	-	-	(3,191)	169,863

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**8. INVESTMENT PROPERTIES (continued)**

- (a) A detailed valuation exercise was carried out by independent professional valuer on the Group's and the Company's investment properties in Johor Bahru and in Cheras, Kuala Lumpur during the current financial year. The professional valuer has adopted the Investment Method and Comparison Method, considering key factors such as net yields, gross rental rates of similar office space within the vicinity, average property expenses, average void for the last ten (10) years, recent evidence of values of comparable properties with adjustments to its values per square foot before arriving at the fair value as at 31 March 2017.

During the previous financial year, the external valuations for the investment properties of the Group and of the Company were performed using a sales comparison approach, which resulted in a Level 2 fair value. However, during the financial year, there have been a limited number of similar sales in the local market surrounding these properties and the valuations were performed using significant unobservable inputs. The professional valuer has determined these inputs based on the size, age and condition of the buildings and the state of the local economy. Therefore, the fair value was reclassified to Level 3.

The following table shows a reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 April 2017/2016	-	-	-	-
Transfer into Level 3	170,400	-	169,863	-
Fair value adjustments	(79,076)	-	(79,288)	-
Transfer to assets held for sale	(91,324)	-	(90,575)	-
Balance as at 31 March 2017/2016	-	-	-	-

- (b) It was noted the following factors mainly attributed to the changes in the fair value of investment properties:
- (i) low rental yield from the investment properties with limited growth in view of increasing supply and competition of new retail and office spaces within the nearby vicinity. Future growth is dependent on extensive refurbishment and further investment as the investment properties are in a state of disrepair; and
  - (ii) lacklustre and negative responses, while exploring option for sale, that the Group does not own the entire investment properties in Johor Bahru.

**9. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
- Unquoted equity shares	11,408	6,110
Less: Impairment losses	(499)	(499)
	10,909	5,611

**9. INVESTMENTS IN SUBSIDIARIES (continued)**

(a) Acquisition/Incorporation of subsidiaries and subscription of shares in subsidiaries

- (i) On 21 September 2015, the Company had entered into a Heads of Agreement with AWT International (Asia) Sdn. Bhd. with the intention of collaborating to form a Special Purpose Vehicle.

Subsequently on 26 February 2016, ENRA Oil & Gas Services Sdn. Bhd. ("EOGS"), an indirect wholly owned subsidiary of the Company had entered into a Shareholder Agreement with AWT International (Decommissioning) Sdn. Bhd. ("AWTIDSB") to collaborate on well, platform and field abandonment/decommissioning and brownfield rejuvenation projects. EOGS and AWTIDSB incorporated an SPV named ENRA NauticAWT Sdn. Bhd. ("ENAWT") with a 100,000 ordinary share capital and on 18 July 2016, EOGS and AWTIDSB owns 51% and 49% stakes respectively in ENAWT.

- (ii) On 5 February 2016, EOGS had entered into Share Sale Agreement and Shareholders Agreement in respect of the acquisition of 750,000 ordinary shares in the share capital of Hikmah Oil & Gas Assistance Sdn. Bhd. ("Hikmah"), representing 75% of the total issued and paid up share capital of Hikmah for a consideration of up to RM7,032,000 inclusive of contingent consideration for business acquisition that are subject to the attainment of profit guarantee by the seller.

The acquisition was completed on 12 May 2016 and from that date, Hikmah became a subsidiary of EOGS and accordingly, a subsidiary of the Company. Hikmah on 13 June 2016 changed its name to ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB").

The fair value of assets acquired and liabilities assumed from the acquisition of EEFAB were as follows:

	<b>Group 2017 RM'000</b>
<b>Assets/(Liabilities) acquired:</b>	
Property, plant and equipment (Note 7)	65
Trade and other receivables	5,478
Cash and bank balances	123
Trade and other payables	(7,442)
Borrowings	(188)
Total identifiable liabilities	(1,964)
Goodwill on consolidation (Note 11)	8,505
Non-controlling interests	491
Purchase consideration	7,032
Contingent consideration for business acquisition (Note 24)	(4,092)
Purchase consideration satisfied by cash	2,940
Cash and cash equivalents acquired	(123)
Cash outflow on acquisition	2,817

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**9. INVESTMENTS IN SUBSIDIARIES (continued)**

(a) Acquisition/Incorporation of subsidiaries and subscription of shares in subsidiaries (continued)

- (iii) On 29 June 2016, the issued and fully-paid up share capital of ENRA Energy Logistics Sdn. Bhd., has increased by 4,999,998 from RM2 to RM5,000,000. The Company has subscribed for 4,999,998 of ordinary shares for cash consideration of RM4,999,998.

- (iv) On 29 August 2016, EOGS had entered into a Shareholders Agreement with SPM Terminals Pty. Ltd. ("SPM") for the purpose of regulating their rights, duties and relationship in a company to leverage on the potential growth in niche oil and gas related activities.

Accordingly, on 7 November 2016, EOGS and SPM has invested in ENRA SPM Sdn. Bhd. ("ESPM") via the allotment of new shares which in total 100,000 ordinary shares to be held in the proportion of 60% and 40% respectively.

- (v) On 27 September 2016, ENRA Energy Sdn. Bhd. ("ENRA Energy"), a wholly owned subsidiary of the Company has acquired 2 ordinary shares representing 100% of the issued and paid-up share capital of Perunding ENRA Sdn. Bhd. ("PESB") from the Company for a total cash consideration of RM2.00 only.

Subsequently, on 1 December 2016, ENRA Engineering & Construction Sdn. Bhd. ("EEC") has acquired 2 ordinary shares representing 100% of the issued and paid-up share capital of Perunding ENRA Sdn. Bhd. ("PESB") from ENRA Energy for a total cash consideration of RM2.00 only.

- (vi) On 1 December 2016, the Company has acquired 2 ordinary shares representing 100% of the issued and paid-up share capital of EEC from ENRA Energy for a total cash consideration of RM2.00 only.

- (vii) On 5 January 2017, EOGS had entered into a Shareholders Agreement with ICON Oilfield Solutions Sdn. Bhd. to establish a company to provide low cost solutions to the upstream oil and gas industry within and outside Malaysia.

Subsequently, ENRA ICON Sdn. Bhd. ("ENICON") was established on 25 January 2017 with an authorised share capital of RM4 million comprising 4,000,000 ordinary shares and an issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares. EOGS holds 70% of the shareholdings of ENICON.

- (viii) On 27 January 2017, the issued and fully-paid up share capital of ENRA Land Sdn. Bhd., has increased by 99,998 from RM2 to RM100,000. The Company has subscribed for 99,998 of ordinary shares for cash consideration of RM99,998.

On the same date, the issued and fully-paid up share capital of ENRA Labuan Sdn. Bhd., has increased by 199,998 from RM2 to RM200,000. The Company has subscribed for 199,998 of ordinary shares for cash consideration of RM199,998.

(b) Disposal of interests in subsidiaries

- (i) On 16 December 2016, PESB has ceased to be a subsidiary following the disposal of 70% equity interests comprising 35,000 ordinary shares of PESB by EEC to a third party for a sale consideration of RM35,000. The disposal gave rise to RM286,000 gain on disposal of subsidiary. With this disposal, PESB becomes an associate of the Group.

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**9. INVESTMENTS IN SUBSIDIARIES (continued)**

(b) Disposal of interests in subsidiaries (continued)

- (i) In previous financial year, the Company completed the disposal of its entire equity interest in Advantage Equity Sdn. Bhd. ("AESB"), Balance Focus Sdn. Bhd. ("BFSB") and Grand Sentosa Hotel Management Services Sdn. Bhd. ("GSHMSSB"), companies incorporated in Malaysia which are engaged in property investment, car park operations and operations in inn and recreation respectively for a cash consideration of RM73,200,000.

The effects on the financial position of the Group and of the Company as at the end of the year arising from the disposal of subsidiaries are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets/(Liabilities) disposed:</b>				
Cost of investment	-	-	-	44,403
Property, plant and equipment (Note 7)	-	28,883	-	-
Investment properties (Note 8)	-	143,564	-	-
Inventories	-	19	-	-
Trade and other receivables	53	5,048	-	-
Cash and cash equivalents	-	2,172	-	-
Trade and other payables	(289)	(53,962)	-	-
Borrowings	-	(49,717)	-	-
Current tax liabilities	-	(420)	-	-
Deferred tax liabilities (Note 23)	-	(606)	-	-
Gain on disposal of subsidiaries (Note 33)	286	295	-	28,797
Fair value of remaining interest	(15)	-	-	-
Sales proceed	35	75,276	-	73,200
Amount owing from significant shareholder	(35)	-	-	-
Net sales proceed received	-	75,276	-	73,200
Cash and cash equivalents disposed	-	(2,172)	-	-
Bank overdrafts disposed	-	9,685	-	-
Cash inflow on disposal	-	82,789	-	73,200

- (ii) In previous financial year, the Company disposed its 30% equity interest in Landmark Zone Sdn. Bhd. ("LZSB") for a total cash consideration of RM8,300,000. Arising therefrom, the Company's equity interest in LZSB was decreased from 100% to 70%.

The fair value of the identifiable assets and liabilities of LZSB as at the date of disposal as follows:

	<b>Group 2016 RM'000</b>
Carrying amount of net identifiable assets, liabilities and contingent liabilities, if any, of LZSB at the date of disposal	18,453
Less: Carrying amount of 70% equity interest at the date of disposal	(12,917)
Identifiable net assets disposed at 30%	5,536
Gain on disposal of equity interest in LZSB	2,764
Purchase consideration received in cash	8,300

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 9. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited and Barnes Avenue Limited, which are incorporated in United Kingdom, are as follows:

Name of company	Equity interest held by Company		Principal activities
	2017 %	2016 %	
Tenderly Marketing Sdn. Bhd.	100	100	Dormant
Orlando Manufacturing Sdn. Bhd.	100	100	Dormant
Essential Vista Sdn. Bhd.*	100	100	Dormant
Evergreen Sprint Sdn. Bhd.*	100	100	Dormant
Nautical Gold Sdn. Bhd.*	100	100	Dormant
ENRA Management Services Sdn. Bhd.	100	100	Dormant
ENRA Labuan Sdn. Bhd.	100	100	Property development
Landmark Zone Sdn. Bhd.	70	70	Property development
ENRA Land Sdn. Bhd.	100	100	Dormant
ENRA Energy Logistics Sdn. Bhd.	100	100	Dormant
ENRA Energy Sdn. Bhd.	100	100	Dormant
ENRA Engineering & Construction Sdn. Bhd. [f.k.a ENRA Pipeline Services Sdn. Bhd.]	100	-	Dormant
Perunding ENRA Sdn. Bhd. [f.k.a. ENRA Trading Sdn. Bhd.]	-	100	Dormant
<b>Subsidiaries of ENRA Energy Sdn. Bhd.</b>			
ENRA Kimia Sdn. Bhd.	100	100	Trading on gas and chemical related services
ENRA Oil & Gas Services Sdn. Bhd.	100	100	Providing warehousing and logistics services for oil and gas contractors
ENRA Engineering & Construction Sdn. Bhd. [f.k.a ENRA Pipeline Services Sdn. Bhd.]	-	100	Dormant
<b>Subsidiaries of ENRA Oil &amp; Gas Services Sdn. Bhd.</b>			
ENRA Engineering And Fabrication Sdn. Bhd. [f.k.a. Hikmah Oil & Gas Assistance Sdn. Bhd.]	75	-	Manufacturing, general construction and other related activities
ENRA SPM Sdn. Bhd.	60	100	Dormant
ENRA NauticAWT Sdn. Bhd.	51	-	Dormant
ENRA ICON Sdn. Bhd. @	70	-	Dormant

**NOTES TO THE FINANCIAL STATEMENTS •**  
for the financial year ended 31 March 2017

**9. INVESTMENTS IN SUBSIDIARIES (continued)**

- (c) The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited and Barnes Avenue Limited, which are incorporated in United Kingdom, are as follows (continued):

Name of company	Equity interest held by Company		Principal activities
	2017 %	2016 %	
Subsidiary of ENRA Land Sdn. Bhd.			
ENRA Property (UK) Limited #	100	100	Investment holding
Subsidiaries of ENRA Property (UK) Limited			
Fitzrovia Developments Limited #	75	75	Property development
Barnes Avenue Limited @	100	100	Dormant

\* Subsidiaries transferred to assets held for sale

# Subsidiaries audited by BDO Member Firms

@ Subsidiary is consolidated based on management account provided for the financial year ended 31 March 2017

- (d) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	ENRA Engineering And Fabrication Sdn. Bhd.	Landmark Zone Sdn. Bhd.	Fitzrovia Developments Limited
<b>2017</b>			
NCI percentage of ownership interest and voting interest	25%	30%	25%
Carrying amount of NCI (RM'000)	(564)	18,837	(83)
(Loss)/Profit allocated to NCI (RM'000)	(74)	7,637	88
<b>2016</b>			
NCI percentage of ownership interest and voting interest	-	30%	25%
Carrying amount of NCI (RM'000)	-	11,200	(174)
Profit/(Loss) allocated to NCI (RM'000)	-	5,664	(194)

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**9. INVESTMENTS IN SUBSIDIARIES (continued)**

(d) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows (continued):

The summarised financial information before intra-group elimination are as follows:

	<b>ENRA Engineering And Fabrication Sdn. Bhd. RM'000</b>	<b>Landmark Zone Sdn. Bhd. RM'000</b>	<b>Fitzrovia Developments Limited RM'000</b>
<b>2017</b>			
<b>Assets and liabilities</b>			
Non-current assets	439	1,913	79
Current assets	10,092	136,708	47,558
Non-current liabilities	(344)	(7)	(5,690)
Current liabilities	(12,445)	(75,823)	(42,278)
Net (liabilities)/assets	(2,258)	62,791	(331)
<b>Results</b>			
Revenue	19,399	120,177	-
(Loss)/Profit for the financial year	(294)	25,458	350
Total comprehensive (loss)/income	(294)	25,458	364
Cash flows from/(used in) operating activities	145	50,682	(4,772)
Cash flows used in investing activities	(40)	(337)	(1,732)
Cash flows used in financing activities	(215)	(3,508)	(1,173)
Net (decrease)/increase in cash and cash equivalents	(110)	46,837	(7,677)
<b>2016</b>			
<b>Assets and liabilities</b>			
Non-current assets	-	80	-
Current assets	-	135,635	53,269
Non-current liabilities	-	(6,146)	(15,415)
Current liabilities	-	(92,236)	(38,550)
Net assets/(liabilities)	-	37,333	(696)
<b>Results</b>			
Revenue	-	108,308	-
Profit/(Loss) for the financial year	-	20,040	(782)
Total comprehensive income/(loss)	-	20,040	(702)
Cash flows from/(used in) operating activities	-	24,851	(39,738)
Cash flows from investing activities	-	11,305	-
Cash flows (used in)/from financing activities	-	(34,199)	49,432
Net increase in cash and cash equivalents	-	1,957	9,694



**NOTES TO THE FINANCIAL STATEMENTS •**  
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**10. INVESTMENT IN AN ASSOCIATE**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	15	-
Share of post-acquisition reserves	(15)	-
	-	-

The summarised financial information of the associate is as follows:

**Assets and liabilities**

Total assets	22	-
Total liabilities	(286)	-

**Results**

Revenue	-	-
Loss for the financial year	(313)	-

Details of the associate is as follow:

<b>Name of company</b>	<b>Equity interest held by</b>		<b>Principal activities</b>
	<b>Group</b>		
	<b>2017</b>	<b>2016</b>	
	<b>%</b>	<b>%</b>	
Perunding ENRA Sdn. Bhd. [f.k.a. ENRA Trading Sdn. Bhd.]	30	-	Dormant

The Group has recognised its share of losses up to the cost of investment and stopped recognising its remaining share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

**11. GOODWILL ON CONSOLIDATION**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 April	-	-
Acquisition of subsidiary (Note 9)	8,505	-
At 31 March	8,505	-

The goodwill arises from the acquisition of 75% of EEFAB on 12 May 2016. Goodwill arising from this business combination has been allocated to engineering and fabrication unit within the oil and gas division for annual impairment testing.

The annual impairment review conducted at the end of the financial year is performed by comparing the unit's carrying amount and its recoverable amount determined based on value in use calculations using cash flow projections covering five years period with a terminal value in year five. There is no impairment loss to be recognised in the current financial year.

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for the financial year ended 31 March 2017

### 11. GOODWILL ON CONSOLIDATION (continued)

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows beyond the five years period are as follows:

	Group	
	2017	2016
Growth rate	1.0%	-
Pre-tax discount rate	8.5%	-

#### Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to further exceed its recoverable amount.

### 12. PROPERTY DEVELOPMENT COSTS

	Group	
	2017 RM'000	2016 RM'000
Leasehold land, at cost		
Balance as at 1 April	74,473	73,304
Incurred during the financial year	5,932	1,169
Balance as at 31 March	80,405	74,473
Development costs		
Balance as at 1 April	159,325	93,963
Incurred during the financial year	38,259	65,362
Balance as at 31 March	197,584	159,325
Total land and development costs	277,989	233,798
Less: Cumulative costs recognised in the statements of profit or loss and other comprehensive income		
Balance as at 1 April	(168,435)	(90,669)
Recognised during the financial year (Note 31)	(80,388)	(77,766)
Balance as at 31 March	(248,823)	(168,435)
Transfer to inventories (Note 13)	29,166 (29,166)	65,363 -
	-	65,363

**NOTES TO THE FINANCIAL STATEMENTS •**  
for the financial year ended 31 March 2017

**12. PROPERTY DEVELOPMENT COSTS (continued)**

Property development costs are analysed as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Leasehold land, at cost	80,405	74,473
Development costs	197,584	159,325
Accumulated costs recognised as an expense to statements profit or loss and other comprehensive income	(248,823)	(168,435)
Transfer to inventories	(29,166)	-
Balance as at 31 March	-	65,363

Included in property development cost are borrowing costs capitalised during the financial year of RM90,000 (2016: RM1,913,000) at 8.10% (2016: 8.10%) per annum.

*Leasehold land*

The leasehold land under development is provided by Koperasi Shamelin Berhad, a third party, pursuant to the Joint Venture agreement dated 28 February 2011 for the development of Shamelin Star project. At the end of the reporting period, the Group has accrued an amount of RM43,005,000 (2016: RM50,273,000) for the purchase consideration of the leasehold land as disclosed in Note 24(b)(i) to the financial statements.

**13. INVENTORIES**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost		
Property held for sale	44,757	39,844
Completed properties (Note 12)	29,166	-
Inventories in transit	-	83
Consumables	724	9
Finished goods	2,584	1,272
	77,231	41,208

Inventories amounting to RM25,777,000 (2016: RM5,729,000) have been expensed to the statements of profit or loss and other comprehensive income during the financial year.

Included in property held for sale are borrowing costs capitalised during the financial year of RM1,360,000 (2016: Nil) at 4.75% per annum.

The property held for sale of the Group is charged to a financial institution for banking facility granted to the Group as set out in Note 28(e)(ii) to the financial statements.

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for the financial year ended 31 March 2017

**14. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>				
Trade receivables	30,920	38,764	1,352	2,958
Retention sum	352	-	-	-
Stakeholder sum	24,405	-	-	-
Less: Impairment losses	(34)	(34)	(34)	(34)
	55,643	38,730	1,318	2,924
Amounts due from customers on contracts (Note 15)	8,904	-	-	-
	64,547	38,730	1,318	2,924
<b>Other receivables and deposits</b>				
Amounts due from subsidiaries	-	-	51,165	59,043
Amount due from an associate	285	-	-	-
Other receivables	10,171	9,195	-	12
Deposits	1,576	1,629	62	309
	12,032	10,824	51,227	59,364
<b>Loans and receivables</b>	76,579	49,554	52,545	62,288
Prepayments	4,936	1,228	214	275
(Progress billings)/Accrued billings in respect of property development	(16)	27,385	-	-
	4,920	28,613	214	275
	81,499	78,167	52,759	62,563

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 30 to 60 days (2016: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) The amounts due from subsidiaries and an associate represent advances and payments on behalf, which bears interest at 5.00% (2016: 5.00%) per annum and payable on demand in cash and cash equivalents.
- (c) The currency exposure profile of receivables (exclude prepayments) are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	76,022	76,543	26,143	31,578
US Dollar	460	300	-	-
British Pound	81	96	26,402	30,710
	76,563	76,939	52,545	62,288

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**14. TRADE AND OTHER RECEIVABLES (continued)**

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	16,978	19,524	546	774
Past due, not impaired				
- 61 to 90 days	14,372	1,125	269	231
- More than 90 days	24,293	18,081	503	1,919
	38,665	19,206	772	2,150
Past due and impaired	34	34	34	34
	55,677	38,764	1,352	2,958

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. Owing to the reason that no loss event had occurred to these unsecured receivables, such as significant financial difficulties, no impairment was made in respect of these past due trade receivables.

Receivables that are past due and impaired

Trade receivables of the Group and of the Company that are past due and impaired at the end of the reporting period are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Individually impaired</b>	<b>Individually impaired</b>	<b>Individually impaired</b>	<b>Individually impaired</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables, gross	34	34	34	34
Less: Impairment losses	(34)	(34)	(34)	(34)
	-	-	-	-

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 14. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows (continued):

The reconciliations of movement in the impairment losses of trade receivables are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 April	34	4,201	34	34
Charge for the financial year	-	162	-	-
Disposal of subsidiaries	-	(4,329)	-	-
At 31 March	34	34	34	34

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risks of trade and other receivables is disclosed in Note 44 to the financial statements.

### 15. AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2017 RM'000	2016 RM'000
Costs incurred to date	16,104	-
Attributable profit	2,706	-
Progress billings	18,810	-
	(9,906)	-
Amounts due from customers on contracts (Note 14)	8,904	-

### 16. DERIVATIVE ASSETS

	2017 Contract/ Notional amount RM'000	2017 Fair value of derivatives RM'000	2016 Contract/ Notional amount RM'000	2016 Fair value of derivatives RM'000
<b>Group/Company</b>				
<b>Current</b>				
Forward foreign currency selling contracts	11,127	73	-	-

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**16. DERIVATIVE ASSETS (continued)**

The Company uses forward foreign currency selling contracts to manage some of the foreign currency transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for period consistent with foreign currency transaction exposure and fair value changes exposure. The Company does not apply hedge accounting.

Forward foreign currency selling contracts are used to hedge the Company's advance to a subsidiary denominated in British Pound for which firm commitments existed at the reporting date.

As disclosed in Note 33 to the financial statements, the Group and the Company recognised a gain of RM73,000 (2016: Nil) arising from the fair value changes in derivatives. The fair value changes are marked to market of the outstanding foreign exchange forward. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 43(c)(v) to the financial statements.

**17. CASH AND BANK BALANCES AND SHORT TERM FUNDS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits with licensed banks	4,951	11,489	2,749	8,276
Cash and bank balances	15,708	25,495	2,425	2,986
	20,659	36,984	5,174	11,262
Short term funds				
At fair value through profit or loss				
- Investment in fixed income trust funds in Malaysia	43,406	185	-	-
	64,065	37,169	5,174	11,262

- (a) Investment in fixed income trust funds in Malaysia represents investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (b) Included in the Group's cash and bank balances is an amount of RM7,259,000 (2016: RM1,834,000) held under the Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.
- (c) Certain deposits with licensed banks are pledged to licensed banks as security for credit facilities granted to the Group and the Company as set out in Notes 26, 28 and 29 to the financial statements. The fixed deposits of the Group and of the Company bear average interest of 3.16% (2016: 3.21%) and 3.20% (2016: 3.15%) per annum respectively. The fixed deposits of the Group and of the Company have maturity period of one (1) month to twelve (12) months (2016: one (1) month to twelve (12) months).
- (d) Information on financial risks of cash and bank balances and short term funds is disclosed in Note 44 to the financial statements.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**17. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)**

(e) The currency exposure profile of cash and bank balances and short term funds are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	61,415	23,538	5,174	11,262
US Dollar	412	274	-	-
British Pound	2,238	13,357	-	-
	<b>64,065</b>	<b>37,169</b>	<b>5,174</b>	<b>11,262</b>

(f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and bank balances</b>				
Fixed deposits with licensed banks	4,951	11,489	2,749	8,276
Cash and bank balances	15,708	25,495	2,425	2,986
Short term funds	43,406	185	-	-
<b>As reported in statements of financial position</b>	<b>64,065</b>	<b>37,169</b>	<b>5,174</b>	<b>11,262</b>
Less:				
Bank overdrafts (Note 26)	(20,657)	(6,614)	(19,089)	(6,614)
Fixed deposits pledged to licensed banks and more than three (3) months	(3,729)	(4,911)	(1,749)	(1,698)
<b>As reported in statements of cash flows</b>	<b>39,679</b>	<b>25,644</b>	<b>(15,664)</b>	<b>2,950</b>

**18. DISPOSAL GROUP HELD FOR SALE**

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
At 1 April	-	-	-	-
Reclassification of amounts in respect of disposal group (Note 46)	85,156	-	7	-
At 31 March	<b>85,156</b>	<b>-</b>	<b>7</b>	<b>-</b>
<b>Company</b>				
At 1 April	-	-	-	-
Reclassification of amounts in respect of disposal group (Note 46)	85,575	-	-	-
At 31 March	<b>85,575</b>	<b>-</b>	<b>-</b>	<b>-</b>



**NOTES TO THE FINANCIAL STATEMENTS •**  
for the financial year ended 31 March 2017

**18. DISPOSAL GROUP HELD FOR SALE (continued)**

As at 31 March 2017, the assets and liabilities of the disposal group referred to in Note 46 to the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets classified as held for sale</b>				
Property, plant and equipment (Note 7)	1,678	-	1,678	-
Investment properties (Note 8)	91,324	-	90,575	-
Amounts due from subsidiaries	-	-	560	-
	93,002	-	92,813	-
Less: Impairment loss (Note 35)	(7,846)	-	(7,238)	-
	85,156	-	85,575	-
<b>Liabilities classified as held for sale</b>				
Other payables	(7)	-	-	-

- (a) The investment properties and property, plant and equipment of the Group and of the Company under assets classified as held for sale are charged to financial institutions for banking facilities granted to the Group and the Company as set out in Notes 26 and 28 to the financial statements.
- (b) The impairment losses of the Group and of the Company amounting to RM7,846,000 and RM7,238,000 is as a result of writing down the investment properties and investment assets to fair value less costs to sell.

**19. SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>Number of shares '000</b>	<b>Amount RM'000</b>
Issued and fully paid ordinary shares:		
At 1 April 2015/31 March 2016	136,208	136,208
Transfer pursuant to Companies Act, 2016	-	8,536
At 31 March 2017	136,208	144,744

With the introduction of the new Companies Act, 2016 (the "Act") effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balances within the share premium account have been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act. Notwithstanding this provision, the Company has elected to utilise its share premium account of RM8,536,000 for purposes stipulated in Section 618(3) of the new Act for a transitional period of 24 months from 31 January 2017.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**20. REDEEMABLE CONVERTIBLE PREFERENCE SHARES**

	<b>Group</b>
	<b>Number of shares '000</b>
	<b>Amount RM'000</b>
Issued and fully paid redeemable convertible preference shares ("RCPS"):	
At 1 April 2016	-
Issued during the year	800
At 31 March 2017	800

The carrying amount of the liability component of RCPS at the reporting date is arrived at as follow:

	<b>Group RM'000</b>
Face value of RCPS	1,057
Less: Equity component	(409)
Liability component at initial recognition	648
At 1 April 2016	-
Issued during the year	648
At 31 March 2017	648

On 2 March 2017, ENRA Labuan Sdn. Bhd. ("ELSB"), a subsidiary of the Company, had entered into a Subscription Agreement with a third party subscriber for the issuance and subscription of 800,000 Redeemable Convertible Preference Shares Series A ("RCPS-A") at the subscription price of RM10.12 per RCPS-A amounting to RM8,096,000. ELSB shall utilise the said subscription amount solely for the purpose of or in relation to their acquisition of land (that is to be reclaimed) in Labuan.

On 2 March 2017, ELSB had also entered into a Shareholder Agreement with the third party subscriber of the RCPS-A and the Company, being its shareholder to regulate the management of the ELSB, the relationships of each other and certain aspects of the affairs of, and their dealings with ELSB.

The salient features of the RCPS-A are as follows:

- (i) The RCPS-A has a tenure of 6 years from the issue date and matures on the business day immediately preceding the 6th anniversary of the said issue date;
- (ii) The RCPS-A is convertible at any time at the option of the holder in accordance with the terms of the Subscription Agreement. One new ordinary share will be issued as fully paid upon the conversion of one RCPS-A. All outstanding RCPS-A shall be automatically converted upon maturity of the RCPS;
- (iii) ELSB shall in accordance with the provisions of the Companies Act, 2016 and the terms of the Subscription Agreement redeem all or any of the RCPS-A;
- (iv) The RCPS-A carries the right to receive non-cumulative dividends at the same rate as the ordinary shares of ELSB. The RCPS-A ranks in priority to the ordinary share in respect of terms of the right to receive the dividend;
- (v) The RCPS-A ranks pari passu inter se in respect of entitlements to dividends, rights, allotment or other distributions should the entitlement date for such dividends, rights, allotments or other distributions be declared after the RCPS-A are issued; and
- (vi) The RCPS-A is not to be listed but is transferrable in accordance with the terms of the Shareholder Agreement.

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**21. TREASURY SHARES**

The shareholders of the Company, by way of an ordinary resolution passed at the annual general meeting held on 19 September 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The shares of the Company repurchased were held as treasury shares in accordance with Section 127(6) of the Companies Act, 2016 in Malaysia.

As at 31 March 2017, the Group held 1,289,400 (2016: 1,289,400) of the Company's treasury shares at a total cost of RM1,199,000 (2016: RM1,199,000).

**22. NON-DISTRIBUTABLE RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Share premium	-	8,536	-	8,536
Capital reserve	275	275	-	-
Exchange translation reserve	72	64	-	-
	<b>347</b>	<b>8,875</b>	<b>-</b>	<b>8,536</b>

- (a) Share premium balances have been transferred to share capital pursuant to the transitional provisions in Section 618(2) of the new Companies Act, 2016.
- (b) The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**23. DEFERRED TAXATION**

- (a) The deferred taxation are made up of the following:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 April	(200)	(864)	(106)	(120)
Disposal of subsidiaries (Note 9)	-	606	-	-
Recognised in profit or loss	2,028	58	106	14
At 31 March	<b>1,828</b>	<b>(200)</b>	<b>-</b>	<b>(106)</b>
Presented by:				
Deferred tax assets, net	1,929	-	-	-
Deferred tax liabilities, net	(101)	(200)	-	(106)
	<b>1,828</b>	<b>(200)</b>	<b>-</b>	<b>(106)</b>

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**23. DEFERRED TAXATION (continued)**

(b) The components and movements of deferred tax assets and liabilities during the financial year are as follows:

**Deferred tax assets of the Group**

	<b>Unutilised tax losses RM'000</b>	<b>Provision RM'000</b>	<b>Total RM'000</b>
At 1 April 2015/31 March 2016	-	-	-
Recognised in profit or loss	79	1,850	1,929
At 31 March 2017	79	1,850	1,929

**Deferred tax liabilities of the Group**

	<b>Property, plant and equipment RM'000</b>
At 1 April 2015	(864)
Disposal of subsidiaries (Note 9)	606
Recognised in profit or loss	58
At 31 March 2016	(200)
Recognised in profit or loss	99
At 31 March 2017	(101)

**Deferred tax liabilities of the Company**

	<b>Property, plant and equipment RM'000</b>
At 1 April 2015	(120)
Recognised in profit or loss	14
At 31 March 2016	(106)
Recognised in profit or loss	106
At 31 March 2017	-

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**23. DEFERRED TAXATION (continued)**

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	2,112	6,358	-	-
Unabsorbed capital allowances	5,888	97	248	-
Other deductible temporary difference	404	-	398	-
	8,404	6,455	646	-

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that the taxable profit would be available against which the deductible temporary differences can be utilised.

The differences do not expire under current tax legislations.

**24. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>				
<b>Other payables</b>				
Contingent consideration for business acquisition (Note 9)	1,313	-	-	-
Accruals	-	6,104	-	-
	1,313	6,104	-	-
<b>Current</b>				
<b>Trade payables</b>				
Third parties	10,678	10,091	-	-
<b>Other payables</b>				
Other payables	7,320	9,586	49	20
Contingent consideration for business acquisition (Note 9)	2,779	-	-	-
Accruals	54,546	58,383	1,450	560
Deposits and advances received	2,174	3,400	1,989	3,400
Amount owing to a related party	4,830	4,914	-	-
	71,649	76,283	3,488	3,980
	82,327	86,374	3,488	3,980

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 24. TRADE AND OTHER PAYABLES (continued)

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company ranged from 30 days to 60 days (2016: 30 days to 60 days).
- (b) Included in accruals (non-current liabilities and current liabilities) are the following:
- (i) commitment in relation to the Joint Venture Agreement entered between Landmark Zone Sdn. Bhd., a wholly owned subsidiary of the Company with a third party for the development of a commercial property development project at Lots 11749 and 11750, Taman Shamelin Perkasa, Kuala Lumpur, amounting to RM43,005,000 (2016: RM50,273,000); and
  - (ii) an amount of RM8,275,000 (2016: RM12,900,000), which relates to property development costs accrued for the Group's property development project.
- (c) Amount owing to a related party represents the advances received from non-controlling interest, SIP 93GT Ltd. amounting to RM4,830,000 (2016: RM4,914,000).
- (d) The currency exposure profile of payables are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	83,258	52,641	3,488	3,980
US Dollar	207	224	-	-
British Pound	175	39,613	-	-
	<b>83,640</b>	<b>92,478</b>	<b>3,488</b>	<b>3,980</b>

- (e) Information on financial risks of trade and other payables is disclosed in Note 44 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**25. BORROWINGS**

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current liabilities					
Hire-purchase and lease creditors	27	918	537	83	130
Term loans	28	16,709	34,823	11,019	19,408
		17,627	35,360	11,102	19,538
Current liabilities					
Bank overdrafts	26	20,657	6,614	19,089	6,614
Hire-purchase and lease creditors	27	233	186	46	88
Term loans	28	19,463	10,648	8,343	8,079
Other borrowings	29	5,222	3,497	-	-
		45,575	20,945	27,478	14,781
		63,202	56,305	38,580	34,319
Total borrowings					
Bank overdrafts	26	20,657	6,614	19,089	6,614
Hire-purchase and lease creditors	27	1,151	723	129	218
Term loans	28	36,172	45,471	19,362	27,487
Other borrowings	29	5,222	3,497	-	-
		63,202	56,305	38,580	34,319

The currency exposure profile of borrowings are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	41,794	38,321	38,580	34,319
British Pound	16,810	17,984	-	-
European Dollar	4,598	-	-	-
	63,202	56,305	38,580	34,319

**26. BANK OVERDRAFTS**

The bank overdrafts of the Group and of the Company are secured by the following:

- (a) Loan Agreement cum Deed of Assignment of RM70,000,000 over assets held for sale of the Group and the Company with a carrying amount of RM79,996,000 (2016: RM166,500,000) and RM79,855,000 (2016: RM165,963,000) respectively and a first party first legal charge;

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**26. BANK OVERDRAFTS (continued)**

The bank overdrafts of the Group and of the Company are secured by the following (continued):

- (b) specific debenture of RM70,000,000 by way of a fixed and floating charge over the assets held for sale of the Group and of the Company with a carrying amount of RM79,996,000 (2016: RM166,500,000) and RM79,855,000 (2016: RM165,963,000) respectively, all the borrower's rights, interests and benefits in and under the property including all sales proceeds, rental income, other revenue, claims and any undertaking relating to the property; and
- (c) first party pledge of fixed deposits equivalent to one (1) to twelve (12) months' interest servicing on the facility (Note 17).

Information on financial risks of bank overdrafts is disclosed in Note 44 to the financial statements.

**27. HIRE-PURCHASE AND LEASE CREDITORS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Minimum hire-purchase and lease payments:				
- not later than one (1) year	295	227	52	96
- later than one (1) year not later than five (5) years	917	603	89	142
- later than five (5) years	128	-	-	-
Total minimum hire-purchase and lease payments	1,340	830	141	238
Less: Future interest charges	(189)	(107)	(12)	(20)
Present value of hire-purchase and lease payments	1,151	723	129	218
Repayable as follows:				
<b>Current liabilities:</b>				
- not later than one (1) year	233	186	46	88
<b>Non-current liabilities:</b>				
- later than one (1) year not later than five (5) years	797	537	83	130
- later than five (5) years	121	-	-	-
	918	537	83	130
	1,151	723	129	218

Information on financial risks of hire-purchase and lease creditors is disclosed in Note 44 to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS •**  
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**28. TERM LOANS**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loan I	10,650	15,650	10,650	15,650
Term loan II	3,612	5,837	3,612	5,837
Term loan III	5,100	6,000	5,100	6,000
Term loan IV	16,810	17,984	-	-
	<b>36,172</b>	<b>45,471</b>	<b>19,362</b>	<b>27,487</b>
Repayable as follows:				
<b>Current liabilities:</b>				
- not later than one (1) year	19,463	10,648	8,343	8,079
<b>Non-current liabilities:</b>				
- later than one (1) year and not later than five (5) years	16,709	34,523	11,019	19,108
- later than five (5) years	-	300	-	300
	<b>16,709</b>	<b>34,823</b>	<b>11,019</b>	<b>19,408</b>
	<b>36,172</b>	<b>45,471</b>	<b>19,362</b>	<b>27,487</b>

(a) The repayment term for Term loan I is set out as follows:

<b>Year</b>	<b>Annual repayment RM'000</b>
2009	1,600
2010	2,000
2011	2,000
2012	5,000
2013	5,000
2014	5,000
2015	5,000
2016	5,000
2017	5,000
2018	3,750
2019	1,900

(b) Term loan II is repayable by 28 quarterly instalments of RM535,714 each and a final instalment of RM535,722 commencing from January 2012.

(c) Term loan III is repayable by 20 quarterly instalments of RM300,000 each commencing from July 2016.

• **NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 March 2017

**28. TERM LOANS (continued)**

- (d) Term loan IV is repayable by quarterly instalments of £507,000 (2016: £457,000) each commencing from 9 March 2017.
- (e) The term loans are secured by the following:
- (i) a charge over the carrying amounts of the Group's and of the Company's assets held for sale amounting to RM85,156,000 (2016: RM172,117,000) and RM85,015,000 (2016: RM171,580,000) respectively, as disclosed in Note 18 to the financial statements;
  - (ii) a charge over the carrying amount of the Group's property held for sale in London amounting to RM44,757,000 (2016: RM39,844,000) as disclosed in Note 13 to the financial statements; and
  - (iii) first/third party pledge of fixed deposits equivalent to three (3) months' interest servicing on the facilities (Note 17).
- (f) Information on financial risks of term loans and the remaining maturities is disclosed in Note 44 to the financial statements.

**29. OTHER BORROWINGS**

- (a) The other borrowings relates to trade and working capital credit facilities of the Group that are secured by:
- (i) a corporate guarantee from the Company as disclosed in Note 40 to the financial statements;
  - (ii) fresh negative pledge; and
  - (iii) pledge of fixed deposits (Note 17).
- (b) Included in other borrowings in prior year was a bridging loan granted to Landmark Zone Sdn. Bhd., a subsidiary owned by the Company, by Malaysia Building Society Berhad amounting to RM297,000 which has been fully repaid during the year.
- (c) Information on financial risks of other borrowings and their remaining maturities is disclosed in Note 44 to the financial statements.

**30. REVENUE**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Property development revenue	120,178	108,308	-	-
Sale of goods	37,284	11,445	-	-
Contract revenue	19,378	-	-	-
Services rendered:				
- rental income	-	56	-	-
- logistic	2,409	1,812	-	-
- oil and gas	89	688	-	-
	179,338	122,309	-	-

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**31. COST OF SALES**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Property development cost recognised (Note 12)	80,388	77,766	-	-
Finished goods	25,777	7,093	-	-
Contract cost	16,467	-	-	-
Services rendered				
- logistic	1,633	1,510	-	-
- oil and gas	100	226	-	-
	124,365	86,595	-	-

**32. FINANCE COSTS**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>				
Interest expense:				
- bank overdraft	47	-	-	-
- hire-purchase and lease creditors	60	13	6	-
- term loans	1,360	569	-	-
- other borrowings	179	1,917	-	-
Others - facility fees	274	174	-	-
	1,920	2,673	6	-
Less: Interest capitalised	(1,450)	(1,913)	-	-
	470	760	6	-

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 33. PROFIT/(LOSS) BEFORE TAX

		Group		Company	
Continuing operations	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit/(Loss) before tax is arrived at after charging:</b>					
Auditors' remuneration					
- statutory audit		171	141	50	45
- other services		25	12	22	9
Bad debts written off		20	-	-	-
Depreciation of property, plant and equipment		857	244	237	101
Directors' remuneration paid and payable to the Directors					
- fees	41(c)	400	327	400	327
- other emoluments	41(c)	4,222	2,227	2,393	1,206
Rental of:					
- premises		1,147	709	-	36
- equipment		13	46	4	1
Unrealised loss on foreign exchange		410	-	365	-
Realised loss on foreign exchange		329	51	-	-
Finance costs	32	470	760	6	-
<b>And crediting:</b>					
Unrealised gain on foreign exchange		-	176	-	-
Realised gain on foreign exchange		-	-	106	-
Fair value gain on derivatives	16	73	-	73	-
Gain on disposal of subsidiaries	9	286	295	-	28,797
Gain on disposal of equity interest in a subsidiary		-	-	-	5,900
Interest income received from:					
- fixed deposits with licensed banks		672	549	76	469
- short term funds		201	185	-	-
- subsidiaries		-	-	1,326	526
Rental income		16	5	-	-

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**34. TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing operations</b>				
Current tax expense based on profit for the financial year				
- Current year	10,872	6,794	-	-
- Under/(Over) provision in prior years	35	(100)	-	-
	10,907	6,694	-	-
Deferred tax				
- Relating to origination and reversal of temporary differences	(1,929)	70	-	-
- Under provision in prior year	11	-	-	-
	(1,918)	70	-	-
<b>Total tax expense from continuing operations</b>	<b>8,989</b>	<b>6,764</b>	<b>-</b>	<b>-</b>
<b>Discontinued operations</b>				
Income tax				
- Current year	-	573	-	112
- Over provision in prior years	(39)	(82)	(39)	(82)
	(39)	491	(39)	30
Deferred tax				
- Relating to origination and reversal of temporary differences	(127)	(106)	(123)	(14)
- Under/(Over) provision in prior years	17	(22)	17	-
	(110)	(128)	(106)	(14)
<b>Total tax (income)/expense from discontinued operations</b>	<b>(149)</b>	<b>363</b>	<b>(145)</b>	<b>16</b>

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other tax authorities are calculated at the rates prevailing in those respective jurisdictions.

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**34. TAX EXPENSE (continued)**

- (c) The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by applicable tax rate of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing operations</b>				
Profit/(Loss) before tax	28,521	21,595	(5,574)	28,728
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	6,845	5,183	(1,338)	6,894
Difference in tax rate	12	(48)	-	-
Non-allowable expenses	2,673	1,976	1,940	1,672
Non-taxable income	(1,059)	(308)	(757)	(8,566)
Effects of share of results in an associate	4	-	-	-
Deferred tax assets not recognised	468	61	155	-
	8,943	6,864	-	-
Under/(Over) provision in prior years:				
- income tax	35	(100)	-	-
- deferred tax	11	-	-	-
	8,989	6,764	-	-

**35. DISCONTINUED OPERATIONS**

- (a) On 15 May 2017, the Company has entered into six (6) agreements to dispose of the Group's property, plant and equipment, investment properties and the entire equity interests in Nautical Gold Sdn. Bhd. ("NGSB"), Evergreen Sprint Sdn. Bhd. ("ESSB") and Essential Vista Sdn. Bhd. ("EVSB") for a total cash consideration of RM85,149,000. The decision to dispose these investment properties and investment assets was caused by low net rental income and rental yields and the disposal will provide an avenue for the Group to realise substantial cash proceeds which is intended to be utilised for repayment of bank borrowings associated with these investment properties, defrayment of expenses relating to the disposal, investment in new businesses, project and acquisition, and to fund the working capital.

In the current financial year, the discontinued operations were reported from investment properties segment only. In the previous year, the discontinued operations include both investment properties segment and the results from three subsidiaries, namely AESB, BFSB and GSHMSSB, which were part of the rental, car park and hotel management segments respectively for a total cash consideration of RM73,200,000.

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**35. DISCONTINUED OPERATIONS (continued)**

(b) An analysis of the results of the discontinued operations are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	9,628	15,458	9,760	9,819
Cost of sales	(3,618)	(4,922)	(3,618)	(3,496)
Gross profit	6,010	10,536	6,142	6,323
Other income	57	97	57	136
Expenses	(87,500)	(6,811)	(87,092)	(4,274)
Finance costs	(2,727)	(3,907)	(2,727)	(3,327)
Loss before tax	(84,160)	(85)	(83,620)	(1,142)
Tax benefit/(expense)	149	(363)	145	(16)
Loss for the financial year	(84,011)	(448)	(83,475)	(1,158)

(c) The following amounts have been included in arriving at loss before tax of the discontinued operations:

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss before tax is arrived at after charging:					
Auditors' remuneration		3	3	-	-
Bad debts written off		-	1	-	1
Depreciation of property, plant and equipment		251	694	251	265
Fair value adjustments on investment properties	8	79,076	3,700	79,288	3,191
Impairment loss on trade and other receivables	14(d)	-	162	-	-
Impairment loss on disposal group	18	7,846	-	7,238	-
Loss on disposal of property, plant and equipment		-	25	-	-
Rental of premises		-	30	-	30
Rental of equipment		-	3	-	-
Interest expenses		2,727	3,907	2,727	3,327
and crediting:					
Interest income received from:					
- fixed deposits with licensed banks		51	67	51	112

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**35. DISCONTINUED OPERATIONS (continued)**

(d) The cash flows attributable to the discontinued operations are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Inflow/(Outflow)				
Operating activities	5,478	(721)	5,623	5,315
Investing activities	51	9,064	51	51
Financing activities	(2,728)	(5,838)	(2,728)	(3,278)

**36. EARNINGS PER ORDINARY SHARE**

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit from continuing operations attributable to equity holders of the Company	11,930	9,361
Loss from discontinued operations attributable to equity holders of the Company	(84,011)	(448)
(Loss)/Profit attributable to equity holders of the Company	(72,081)	8,913
Weighted average number of ordinary shares in issue after deducting the treasury shares ('000)	135,009	135,009
Basic earnings per ordinary share for:		
Profit from continuing operations	8.84	6.93
Loss from discontinued operations	(62.23)	(0.33)
(Loss)/Profit for the financial year	(53.39)	6.60

(b) Diluted

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 31 March 2017 and 31 March 2016.



**NOTES TO THE FINANCIAL STATEMENTS •**  
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**37. DIVIDENDS**

	<b>Group and Company 2016</b>	
	<b>Gross dividend per share sen</b>	<b>Amount of dividend RM'000</b>
Interim dividend declared	3	4,048
Special interim dividend declared	5	6,746
	8	10,794

On 17 August 2016, the Company paid a first interim single-tier dividend of 3 sen per ordinary share and a special interim single-tier dividend of 5 sen per ordinary share amounting to RM10,794,000 in respect of the financial year ended 31 March 2016. The dividend was accounted for in equity as an appropriation of retained earnings in the financial year ended 31 March 2017.

The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 March 2017.

**38. EMPLOYEE BENEFITS**

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Salaries, wages, bonus and allowances	13,533	8,323	6,866	4,080
Defined contribution plan	1,394	847	623	431
Other employee benefits	797	328	325	169
	15,724	9,498	7,814	4,680

**39. COMMITMENTS**

(a) Operating lease commitments

The Group as lessee

The Group has entered into commercial leases of office, warehouse and equipment. The Group has aggregate future minimum lease commitments as at the end of reporting period as follow:

	<b>Group</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Not later than one (1) year	458	412
Later than one (1) year and not later than five (5) years	178	89
	636	501

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**39. COMMITMENTS (continued)**

(b) Capital commitments

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised and contracted for</b>		
Purchase of land	6,813	-
Property held for sale under development	2,048	6,276

**40. CONTINGENT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured</b>				
Corporate guarantees given by the Company for credit facilities granted to the subsidiaries	50,995	51,459	50,995	51,459
<b>Secured</b>				
Bank guarantee given to suppliers in respect of goods supplied to a subsidiary	5,493	4,231	-	-

The Directors are of the opinion that the fair value of the corporate guarantees is negligible as the possibility of any outflow in settlement arising from the default of credit facilities is remote.

**41. RELATED PARTY DISCLOSURES**

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 9 to the financial statements;
- (ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- (iii) Company in which a Director is also a Director of the Company.

**NOTES TO THE FINANCIAL STATEMENTS •**  
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**41. RELATED PARTY DISCLOSURES (continued)**

(b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Subsidiaries:</b>				
Car park income	-	-	-	400
Interest income	-	-	1,326	587
Rental income	-	-	132	132
Interest expense	-	-	-	(129)
Management fees	-	-	3,207	-

The related party transactions described above were carried out on terms and conditions mutually agreed with the respective parties.

Balances of the above related parties are disclosed in Notes 14 and 24 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remunerations of Directors during the financial year were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fees	400	327	400	327
Salaries, bonus and allowance	3,850	2,025	2,186	1,086
Defined contribution plan	372	202	207	120
	4,622	2,554	2,793	1,533

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### 41. RELATED PARTY DISCLOSURES (continued)

#### (c) Compensation of key management personnel (continued)

The remuneration of other key management personnel other than the Directors of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, bonus and allowance	3,237	1,926	2,199	1,525
Defined contribution plan	361	218	253	172
	3,598	2,144	2,452	1,697

### 42. OPERATING SEGMENTS

The Group is principally engaged in property investment, property development, investment holding activities, management services activities and oil and gas services.

The investment properties segment was reclassified as discontinued operations as disclosed in Note 35 to the financial statements following the management's commitment to dispose the Group's investment properties and the entire equity interests in NGSB, ESSB and EVSB in the financial year ending 31 March 2018.

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature and services and specific expertise requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

#### (a) Investment properties

Rental and car park collections at the investment properties

#### (b) Property development

Joint venture property development

#### (c) Oil and gas

Trading and logistic services, general construction, engineering and fabrication

#### (d) Investment holdings and others

Investment holdings and management services activities

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**42. OPERATING SEGMENTS (continued)**

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude current tax assets, deferred tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude current tax liabilities and deferred tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segments assets and liabilities to the Group position.

2017	Investment properties RM'000	Property development RM'000	Oil and gas services RM'000	Investment holdings and others RM'000	Total RM'000
Revenue					
Total revenue	9,760	120,178	59,160	-	189,098
Inter-segment revenue	(132)	-	-	-	(132)
Discontinued operations (Note 35)	(9,628)	-	-	-	(9,628)
<b>Revenue from external customers</b>	-	120,178	59,160	-	179,338
Interest income	-	735	62	76	873
Finance costs	-	(2)	(462)	(6)	(470)
Net finance income/(expense)	-	733	(400)	70	403
Depreciation of property, plant and equipment	-	22	466	369	857
<b>Segment profit/(loss) before tax</b>	-	33,298	5,728	(10,505)	28,521
<b>Segment assets</b>	85,156	183,427	43,280	8,382	320,245
<b>Segment liabilities</b>	7	82,942	22,443	42,105	147,497
<b>Other information:</b>					
Bad debts written off	-	-	20	-	20
Additions to non-current assets other than financial instruments	-	5	1,265	900	2,170

• **NOTES TO THE FINANCIAL STATEMENTS**  
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**42. OPERATING SEGMENTS (continued)**

2016	Hotel operations RM'000	Investment properties RM'000	Property development RM'000	Oil and gas services RM'000	Investment holdings and others RM'000	Total RM'000
Revenue						
Total revenue	1,770	14,556	108,308	13,945	-	138,579
Inter-segment revenue	-	(812)	-	-	-	(812)
Discontinued operations (Note 35)	(1,770)	(13,688)	-	-	-	(15,458)
<b>Revenue from external customers</b>	-	56	108,308	13,945	-	122,309
Interest income	-	-	265	-	469	734
Finance costs	-	-	(5)	(187)	(568)	(760)
Net finance income/(expense)	-	-	260	(187)	(99)	(26)
Depreciation of property, plant and equipment	-	-	21	117	106	244
<b>Segment profit/(loss) before tax</b>	-	-	26,183	2,168	(6,756)	21,595
<b>Segment assets</b>	-	172,117	135,714	19,676	69,067	396,574
<b>Segment liabilities</b>	-	3	85,864	1,472	61,444	148,783
<b>Other information:</b>						
Bad debts written off	-	1	-	-	-	1
Additions to non-current assets other than financial instruments	-	-	15	1,677	583	2,275

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2017 RM'000	2016 RM'000
<b>Assets</b>		
Total assets for reportable segments	320,245	396,574
Current tax assets	1,286	654
Deferred tax assets	1,929	-
<b>Assets of the Group</b>	<b>323,460</b>	<b>397,228</b>
<b>Liabilities</b>		
Total liabilities for reportable segments	147,497	148,783
Current tax liabilities	4,857	2,016
Deferred tax liabilities	101	200
<b>Liabilities of the Group</b>	<b>152,455</b>	<b>150,999</b>

## 42. OPERATING SEGMENTS (continued)

### Geographical information

The Group predominantly operates in Malaysia save for a part of its property development business that operates in the United Kingdom under ENRA Property (UK) Limited's Group as follows:

	2017 RM'000	2016 RM'000
Segment assets	47,789	56,857

### Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

## 43. FINANCIAL INSTRUMENTS

### (a) Capital management

The primary objective of the capital management of the Group is to ensure that the entities of the Group would be able to continue as going concerns while maximising the returns to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the financial year ended 31 March 2016.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. In order to maintain or adjust the capital structure, the Group may from time to time adjust the dividend payout to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2016 and 31 March 2017.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total external borrowings and divided by total equity. The policy of the Group is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's gearing ratio is 0.37 times (2016: 0.23 times).

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 March 2017.

### (b) Categories of financial instruments

	<b>Group</b>		<b>Company</b>	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Financial assets</b>				
<b><i>Loans and receivables</i></b>				
Trade and other receivables, net of prepayments and accrued billings in respect of property development	76,579	49,554	52,545	62,288
Cash and bank balances	20,659	36,984	5,174	11,262
<b><i>Fair value through profit or loss</i></b>				
Short term funds	43,406	185	-	-
Forward foreign currency selling contracts	73	-	73	-
	140,717	86,723	57,792	73,550

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**43. FINANCIAL INSTRUMENTS (continued)**

(b) Categories of financial instruments (continued)

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial liabilities</b>				
<b><i>Other financial liabilities</i></b>				
Borrowings	63,202	56,305	38,580	34,319
Trade and other payables	83,640	92,478	3,488	3,980
RCPS liability	648	-	-	-
	147,490	148,783	42,068	38,299

(c) Determination of fair value

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

- (ii) Hire-purchase and lease creditors and other borrowings

The fair values of these financial instruments are estimated future contractual cash flows at current market rate for similar financial instruments and of the same remaining maturities at the end of the reporting period.

- (iii) Non-current accruals and contingent consideration for business acquisition

The fair value of non-current accruals and contingent consideration for business acquisition is estimated by discounting the expected future cash flows at cost of borrowings of the subsidiaries.

At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate to their fair values.

- (iv) Short term funds

The fair values of short term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

- (v) Forward foreign currency selling contracts

Forward foreign currency selling contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculation. The model incorporates various inputs including foreign exchange spot and forward rates.



#### 43. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable input used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instruments	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
<u>Financial liabilities</u>			
Non-current accruals	Discounted cash flows method	Discount rate (8.0%)	The higher the discount rate, the lower the fair value of the liabilities would be.
Contingent consideration for business acquisition	Discounted cash flows method	Discount rate (5.8%)	The higher the discount rate, the lower the fair value of the liabilities would be.

The following table set out the fair value of financial instruments that are not carried at fair value on the statements of financial position:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
<b>2017</b>						
<b>Group</b>						
<b>Financial liabilities</b>						
<b>Other financial liabilities</b>						
- Hire-purchase and lease creditors	-	955	-	955	955	1,151
<hr/>						
<b>Company</b>						
<b>Financial liabilities</b>						
<b>Other financial liabilities</b>						
- Hire-purchase and lease creditors	-	115	-	115	115	129
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• **NOTES TO THE FINANCIAL STATEMENTS**  
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**43. FINANCIAL INSTRUMENTS (continued)**

(d) Fair value hierarchy (continued)

The following table set out the fair value of financial instruments that are not carried at fair value on the statements of financial position (continued):

2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
<b>Group</b>						
<b>Financial liabilities</b>						
<b>Other financial liabilities</b>						
- Hire-purchase and lease creditors	-	606	-	606	606	723
- Other borrowings	-	3,235	-	3,235	3,235	3,497
	-	3,841	-	3,841	3,841	4,220
<b>Company</b>						
<b>Financial liabilities</b>						
<b>Other financial liabilities</b>						
- Hire-purchase and lease creditors	-	194	-	194	194	218

**44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to interest rate risk, liquidity and cash flow risk, credit risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks, short term funds, borrowings and amounts due from subsidiaries. The Group borrows at both, fixed and floating rates of interest to generate the desired interest profile and to manage the exposure of the Group and of the Company to interest rate fluctuations.

#### 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 10 basis points with all other variables held constant:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
	Loss after tax	Profit after tax	Loss after tax	Profit after tax
Increase by 0.1% (2016: 0.1%)	11	(34)	(12)	25
Decrease by 0.1% (2016: 0.1%)	(11)	34	12	(25)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 March 2017</b>									
<b>Fixed rates</b>									
Fixed deposits with licensed banks and short term funds	17	1.98	48,357	-	-	-	-	-	48,357
Hire-purchase and lease creditors	27	6.05	233	220	227	206	94	171	1,151
Other borrowings	29	0.53	5,222	-	-	-	-	-	5,222
<b>Floating rates</b>									
Bank overdrafts	26	8.39	20,657	-	-	-	-	-	20,657
Term loans	28	5.45	19,463	14,009	1,200	1,200	300	-	36,172
<b>At 31 March 2016</b>									
<b>Fixed rates</b>									
Fixed deposits with licensed banks and short term funds	17	3.21	11,674	-	-	-	-	-	11,674
Hire-purchase and lease creditors	27	6.61	186	153	135	137	112	-	723
Other borrowings	29	8.10	3,497	-	-	-	-	-	3,497
<b>Floating rates</b>									
Bank overdrafts	26	8.35	6,614	-	-	-	-	-	6,614
Term loans	28	4.88	10,648	23,758	8,365	1,200	1,200	300	45,471

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for the financial year ended 31 March 2017

## 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (i) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk (continued):

Company	Note	Weighted average effective interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>At 31 March 2017</b>									
<b>Fixed rates</b>									
Fixed deposit with a licensed bank	17	3.27	2,749	-	-	-	-	-	2,749
Hire-purchase and lease creditors	27	4.71	46	26	27	28	2	-	129
Amounts due from subsidiaries	14	5.00	51,165	-	-	-	-	-	51,165
<b>Floating rates</b>									
Bank overdrafts	26	8.45	19,089	-	-	-	-	-	19,089
Term loans	28	6.04	8,343	8,319	1,200	1,200	300	-	19,362
<b>At 31 March 2016</b>									
<b>Fixed rates</b>									
Fixed deposit with a licensed bank	17	3.29	8,276	-	-	-	-	-	8,276
Hire-purchase and lease creditors	27	4.71	88	47	25	27	31	-	218
Amounts due from subsidiaries	14	5.00	59,043	-	-	-	-	-	59,043
<b>Floating rates</b>									
Bank overdrafts	26	8.35	6,614	-	-	-	-	-	6,614
Term loans	28	6.01	8,079	8,343	8,365	1,200	1,200	300	27,487

#### 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group actively manages its operating cash flow to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

**2017**

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	82,488	1,470	-	83,958
Borrowings	45,637	18,349	128	64,114
Total undiscounted financial liabilities	128,125	19,819	128	148,072
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	3,488	-	-	3,488
Borrowings	27,483	11,729	-	39,212
Total undiscounted financial liabilities	30,971	11,729	-	42,700

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**44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(ii) Liquidity and cash flow risks (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations (continued).

<b>2016</b>	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	90,141	11,000	-	101,141
Borrowings	21,008	36,694	300	58,002
<b>Total undiscounted financial liabilities</b>	<b>111,149</b>	<b>47,694</b>	<b>300</b>	<b>159,143</b>
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	3,980	-	-	3,980
Borrowings	14,789	20,818	300	35,907
<b>Total undiscounted financial liabilities</b>	<b>18,769</b>	<b>20,818</b>	<b>300</b>	<b>39,887</b>

(iii) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The credit period is generally for a period of 30 days to 60 days. The exposure to credit risk is monitored on an ongoing basis.

There are no specific considerations of credit risk and the maximum exposures to credit risk of the Group are represented by the carrying amounts of the financial assets in the statements of financial position.

As at the end of the reporting period, other than the amounts owing by the subsidiaries amounting to RM51,165,000 (2016: RM59,043,000), which represent 96.98% (2016: 94.37%) of trade and other receivables of the Company, there is no significant concentration of credit risk of the Group and of the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

#### 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### (iii) Credit risk (continued)

###### Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 14 to the financial statements.

###### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Fixed deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

###### Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 14 to the financial statements.

##### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is subject to foreign exchange fluctuations through the import and export of finished goods. The Group also has cash and bank balances and payables denominated in foreign currencies. At the end of reporting period, the Group holds bank balance denominated in foreign currencies as disclosed in Note 17(e) to the financial statements.

The Group is also exposed to foreign currency risk in respect of the overseas subsidiaries.

###### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the US Dollar, British Pound and European Dollar exchange rates against the Ringgit Malaysia ("RM") respectively, with all variables held constant 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

		<b>Group</b>		<b>Company</b>	
		<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(Loss)/Profit after tax</b>					
US Dollar/RM	- strengthen by 3%				
	(2016: 3%)	15	8	-	-
	- weaken by 3%				
	(2016: 3%)	(15)	(8)	-	-
British Pound/RM	- strengthen by 3%				
	(2016: 3%)	(334)	(1,006)	602	700
	- weaken by 3%				
	(2016: 3%)	334	1,006	(602)	(700)
European Dollar/RM	- strengthen by 3%				
	(2016: 3%)	(105)	-	-	-
	- weaken by 3%				
	(2016: 3%)	105	-	-	-

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### 45. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

#### Acquisition of land in Wilayah Persekutuan Labuan

On 8 March 2017, ELSB had entered into a conditional Sale and Purchase Agreement (“SPA”) with Perbadanan Labuan (“Vendor”) in respect of the proposed purchase of leasehold land (yet to be reclaimed from the shore lines) measuring approximately 24.28 hectares (approximately 60 acres or 242,811 square metres) (“Parcel 1”) with a call option to purchase additional leasehold land (yet to be reclaimed from the shore lines) measuring approximately 56.66 hectares (approximately 140 acres or 566,589 square metres) (“Parcel 2”), held under title particulars Pajakan Negeri No. Hakmilik 11169, Lot 30648, Daerah Wilayah Persekutuan Labuan, Negeri Wilayah Persekutuan Labuan measuring approximately 80.94 hectares (approximately 200 acres or 809,400 square metres) located at the waterfront industrial zone of Kampung Rantau-Rantau, Wilayah Persekutuan Labuan (“Land”).

The purchase price for Parcel 1 is RM7,570,000 (Parcel 1 Acquisition) satisfied in cash in the following manner:

- (i) RM252,000 has been paid prior to the execution of the SPA;
- (ii) RM227,000 equal to 3% of the purchase price shall be paid to the Vendor’s solicitors as stakeholder upon execution of the SPA as retention sum to deal with in accordance with the provisions of the SPA and the Real Property Gains Tax Act 1976;
- (iii) RM278,000 shall be paid to the Vendor’s solicitors as stakeholders upon execution of the SPA to deal with in accordance with the provisions of the SPA; and
- (iv) RM6,813,000 equal to 90% of the purchase price shall be paid to the Vendor’s solicitors as stakeholders within 4 months from the date all conditions precedent have been fulfilled or waived, as the case may be, to deal with in accordance with the provisions of the SPA.

The SPA is conditional upon the following conditions precedent being fulfilled within 9 months after the date of the SPA i.e. by 8 December 2017 or such later date as may be mutually agreed by the parties:

- (i) The approval of the Land Registry for the sub-division of the Land and the separate issue documents of water title to Parcel 1 and Parcel 2 having been obtained and received respectively by the Vendor;
- (ii) Any consents and/or approvals required from any appropriate authority for the sale and/or transfer of Parcel 1 to ELSB including the approval from the Jawatankuasa Kerja Tanah Wilayah Persekutuan Labuan for the said transfer having been obtained by the Vendor;
- (iii) The Vendor having complied with all conditions imposed by any appropriate authority in granting any consents and/or approvals for the sale and/or transfer of Parcel 1 to ELSB;
- (iv) Completion of all due diligences as required by ELSB including but not limited to financial, legal, tax, environmental, technical and business and land due diligences and ELSB being satisfied with the results of such due diligences; and
- (v) The approval if any, and as required from the shareholder of ELSB for the purchase of Parcel 1 having been obtained.

The irrevocable call option for Parcel 2 given to ELSB is exercisable at any time over a period of 36 months (with an automatic extension of 24 months subject to 6 months prior written notice being given) commencing from the completion of ELSB’s acquisition of Parcel 1 pursuant to the SPA. The purchase price for Parcel 2 shall be the market value of Parcel 2 at the time the call option is exercised by ELSB (as determined by Jabatan Penilaian dan Perkhidmatan Harta, Wilayah Persekutuan Labuan) plus a premium of 20% of such market value.

The acquisition of the Labuan land shall be funded using a combination of internal fund and issuance of RCPS of ELSB.



**46. SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD**

- (a) On 15 May 2017, the Company has entered into six (6) agreements to dispose of the Group's investment properties and investment assets ("Proposed Disposal"), namely:
- (i) A conditional sale and purchase agreement between the Company and Atar Irama Sdn. Bhd. for the proposed disposal of 40 Retail units and 16 office units located in Holiday Plaza, in Johor Bahru for a cash consideration of RM51,855,000;
  - (ii) A conditional sale and purchase agreement between the Company and Solid Hope Sdn. Bhd. for the proposed disposal of a basement car park located in Holiday Plaza, in Johor Bahru for a cash consideration of RM28,000,000;
  - (iii) A conditional sale and purchase agreement between the Company and Simfoni Cindai Sdn. Bhd. for the proposed disposal of six (6) office units located at Shamelin Business Centre, in Kuala Lumpur for a cash consideration of RM5,160,000; and
  - (iv) Three (3) conditional share sale agreements between the Company and Atar Irama Sdn. Bhd. for the respective proposed disposal of the entire equity interests in the following wholly owned subsidiaries of the Company:
    - (i) NGSB for a cash consideration of RM38,000;
    - (ii) ESSB for a cash consideration of RM46,000; and
    - (iii) EVSB for a cash consideration of RM50,000

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed latest by 30 September 2017.

- (b) On 5 June 2017, EEC had entered into Shareholders Agreement with Emrail Sdn. Bhd. to jointly establish a company to collaborate on providing total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.

## • NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2017

### 47. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings/(accumulated losses) as at the end of the reporting period may be analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- realised	91,992	92,406	50,359	71,020
- unrealised	(77,864)	(303)	(79,587)	(405)
Consolidation adjustment	14,128 (5,684)	92,103 (784)	(29,228) -	70,615 -
Total Group/Company retained earnings/(accumulated losses)	8,444	91,319	(29,228)	70,615

# PROPERTIES OWNED BY ENRA GROUP

Location / Address	Built-up area (Sq. Ft.)	Existing use / Description of property	Tenure	Approximate age of building.	Carrying amount as at 31.03.2017 (RM'000)
Units held under Strata Title Nos. M1-1-2, M1-1-3, M1-1-44, M1-1-46 to M1-1-50, M1-1-83 M1-1-91, M1-1-148, M1-2-149, M1-2-156, M1-2-157, M1-2-176, M1-2-177, M1-2-212, M1-2-221, M1-3-298, M1-3-304 to M1-3-307, M1-3-311, M1-3-312, M1-3-322 to M1-3-325, M1-3-331, M1-3-332, M1-3-344, M1-3-356, M1-3-357, M1-3-363, M1-3-366, M1-3-370, M1-3-389, M1-3-414, M1-3-417, M1-4-423, M1-4-425, M1-4-426 located at Podium Block, Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru.	140,975	Retail space	Freehold	33 years	79,855
All Suites in Tower Block held under Strata Title Nos. M1-5-427 to M1-20-442 Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru.	122,507	Office space	Freehold	32 years	
613 units of car park bays held under Strata Title No. M1-B1-1 located at basement of Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru.	182,157	Car parks	Freehold	33 years	
Units held under Strata Title Nos. M1-1-2, M1-2-6, M1-3-10, M1-4-14, M1-5-18 and M1-6-22 in a 6-storey office building known as Shamelin Business Centre located along Jalan 4/91 Taman Shamelin Perkasa, Cheras, 56100 Kuala Lumpur	18,912	Office space	Leasehold expiring on 11.09.2082	12 years	5,160
Units held under Title Number: NGL748650 in a 5-storey Grade II listed building known as 93 Great Titchfield Street, W1W 6RP London, United Kingdom	6,272	Redevelopment to residential units	Freehold	211 years	44,756

# ANALYSIS OF SHAREHOLDINGS

as at 15 June 2017

Issued Share Capital : 136,207,943 Ordinary Shares  
Voting Rights : 1 Vote per Ordinary Share

## SHAREHOLDINGS DISTRIBUTION

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%*
Less than 100 shares	282	13.46	7,004	0.01
100 to 1,000 shares	1,261	60.19	848,062	0.63
1,001 to 10,000 shares	432	20.62	1,408,205	1.04
10,001 to 100,000 shares	83	3.96	2,937,187	2.18
100,001 to less than 5% of issued shares	32	1.53	60,918,085	45.15
5% and above of issued shares	5	0.24	68,800,000	50.99
Total	2,095	100.00	134,918,543*	100.00

\* Excluding a total of 1,289,400 ordinary shares bought back by the Company and retained as treasury shares

## THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%*
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Trillion Icon Sdn. Bhd. (PBCL-0G0283)</i>	23,000,000	17.05
2.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Maybank International Labuan Branch for Mizreen Capital Sdn. Bhd.</i>	14,400,000	10.67
3.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Kamaluddin bin Abdullah (PBCL-0G0285)</i>	11,400,000	8.45
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Accentvest Sdn. Bhd. (PB)</i>	11,000,000	8.15
5.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Amira Properties Sdn. Bhd. (PB)</i>	9,000,000	6.67
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Paling Terbilang Sdn. Bhd. (PB)</i>	6,000,000	4.45
7.	M & A Nominee (Asing) Sdn. Bhd. <i>INSAS Credit &amp; Leasing Sdn. Bhd. for USG Services Limited</i>	6,000,000	4.45
8.	M & A Nominee (Asing) Sdn. Bhd. <i>INSAS Credit &amp; Leasing Sdn. Bhd. for Novel Pioneer Global Limited</i>	5,000,000	3.71
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Intelek Kuasa Sdn. Bhd. (PB)</i>	4,600,000	3.41
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Siva Kumar A/L M Jeyapalan (PBCL-OG0015)</i>	4,455,700	3.30

## ANALYSIS OF SHAREHOLDINGS •

as at 15 June 2017

## THIRTY LARGEST SHAREHOLDERS (continued)

No.	Name of Shareholders	No. of Shares	%*
11.	Kumpulan Wang Persaraan (DiPerbadankan)	4,200,000	3.11
12.	AmBank (M) Berhad <i>Pledged securities account for Ali bin Abdul Kadir (SMART)</i>	4,000,000	2.96
13.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mizreen Capital Sdn. Bhd. (M &amp; A)</i>	3,500,000	2.59
14.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Kok Kong Chin (PB)</i>	3,000,000	2.22
15.	M & A Nominee (Asing) Sdn. Bhd. <i>INSAS Credit &amp; Leasing Sdn. Bhd. for New Lake Investments Limited</i>	3,000,000	2.22
16.	RHB Nominees (Tempatan) Sdn. Bhd. <i>TS Law Group Sdn. Bhd.</i>	2,863,885	2.12
17.	Sharifah Salwa binti Syed Kamaruddin	2,000,000	1.48
18.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Tan Kian Aik (PB)</i>	1,350,000	1.00
19.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG BR-TST-Asing)</i>	1,274,700	0.94
20.	RHB Nominees (Asing) Sdn. Bhd. <i>Exempt AN for RHB Securities Singapore Pte. Ltd. (A/C Clients)</i>	1,270,000	0.94
21.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Kamaluddin bin Abdullah (PB)</i>	1,100,000	0.82
22.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Yau Kok Seng (001)</i>	1,000,000	0.74
23.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Azmil Khalili bin Khalid</i>	1,000,000	0.74
24.	Yeoh Soo Ann	1,000,000	0.74
25.	Khoo Nang Seng @ Khoo Nam Seng	664,700	0.49
26.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Khoo Bee Lian</i>	650,000	0.48
27.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte Ltd for Long Point Financial Limited</i>	599,700	0.44
28.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte Ltd for Wong Yew Choy</i>	555,000	0.41
29.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for M &amp; A Securities Sdn. Bhd. (IPH2598)</i>	500,000	0.37
30.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Abu Sahid bin Mohamed (MG0172-003)</i>	295,900	0.22
Total		128,679,585	95.38

\* Excluding a total of 1,289,400 ordinary shares bought back by the Company and retained as treasury shares.

## • ANALYSIS OF SHAREHOLDINGS

as at 15 June 2017

### SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	Direct Interest	No. of Shares Held		
			%*	Indirect Interest	%*
1.	Dato' Kamaluddin bin Abdullah	12,507,629	9.27	42,600,000 <sup>a</sup>	31.57
2.	Dato' Azrene binti Abdullah	-	-	55,107,629 <sup>b</sup>	40.84
3.	Dato' Mazlin bin Md Junid	-	-	29,400,000 <sup>c</sup>	21.79
4.	Izreen Natalia binti Mazlin	-	-	29,400,000 <sup>c</sup>	21.79
5.	Ikhmal Mirza bin Mazlin	-	-	29,400,000 <sup>c</sup>	21.79
6.	Trillion Icon Sdn. Bhd.	23,000,000	17.05	-	-
7.	Mizreen Capital Sdn. Bhd.	18,400,000	13.64	-	-
8.	Accentvest Sdn. Bhd.	11,000,000	8.15	-	-
9.	Amira Properties Sdn. Bhd.	9,000,000	6.67	-	-

### DIRECTORS' INTERESTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	No. of Shares Held		
			%*	Indirect Interest	%*
1.	Datuk Ali bin Abdul Kadir	4,000,000	2.96	-	-
2.	Dato' Kamaluddin bin Abdullah	12,507,629	9.27	42,600,000 <sup>a</sup>	31.57
3.	Dato' Mazlin bin Md Junid	-	-	29,400,000 <sup>c</sup>	21.79
4.	Kok Kong Chin	3,000,000	2.22	-	-
5.	Tan Sri Dato' Seri Shamsul Azhar bin Abbas	-	-	2,000,000 <sup>d</sup>	1.48
6.	Datuk Anuar bin Ahmad	-	-	-	-
7.	Dato' Wee Yiau Hin	-	-	-	-
8.	Teo Chee Kok	-	-	-	-
9.	Loh Chen Yook	-	-	-	-

Notes:

<sup>a</sup> Indirect interest held through Trillion Icon Sdn. Bhd., Amira Properties Sdn. Bhd., Paling Terbilang Sdn. Bhd. and Intelek Kuasa Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").

<sup>b</sup> Indirect interest held through (a) her spouse, Dato' Kamaluddin bin Abdullah's direct interest in the Company, (b) Trillion Icon Sdn. Bhd. and Amira Properties Sdn. Bhd. in which she and her spouse are entitled to exercise not less than 20% of the voting shares and (c) her spouse's indirect interests held through Paling Terbilang Sdn. Bhd. and Intelek Kuasa Sdn. Bhd. pursuant to Section 8(4) of the Act.

<sup>c</sup> Indirect interest held through Mizreen Capital Sdn. Bhd. and Accentvest Sdn. Bhd. pursuant to Section 8(4) of the Act.

<sup>d</sup> Indirect interest held through his spouse, Puan Sri Sharifah Salwa binti Syed Kamaruddin's direct interest in the Company pursuant to Section 59(11)(c) of the Act.

\* Excluding 1,289,400 ordinary shares bought back by the Company and retained as treasury shares.

CDS Account No.	
No. of Shares Held	

I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member / members of ENRA GROUP BERHAD, hereby appoint \_\_\_\_\_

NRIC No./Passport No.: \_\_\_\_\_ of \_\_\_\_\_

or failing whom, \_\_\_\_\_ NRIC No./Passport No. \_\_\_\_\_

of \_\_\_\_\_

or failing whom, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Fifth (25<sup>th</sup>) Annual General Meeting of the Company to be held at Function Room 1 & 2, 1<sup>st</sup> Floor, Main Lobby, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Bhd), No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 13 September 2017 at 10:00 a.m. and at any adjournment thereof in the manner as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To approve Directors' fees of RM400,333 for the financial year ended 31 March 2017.		
2.	To approve fees and benefits payable to the Non-Executive Directors for the current period until the conclusion of the next Annual General Meeting of the Company.		
3.	To re-elect Tan Sri Dato' Seri Shamsul Azhar bin Abbas as Director of the Company.		
4.	To re-elect Datuk Anuar bin Ahmad as Director of the Company.		
5.	To re-elect Dato' Mazlin bin Md Junid as Director of the Company.		
6.	To re-elect Dato' Wee Yiau Hin @ Ong Yiau Hin as Director of the Company.		
7.	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To approve the proposed renewal of authority for Directors to allot and issue shares.		
9.	To approve the proposed authority for the Company to buy back its own shares.		

(Please indicate with an "X" in the space provided above to indicate how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

For appointment of two (2) proxies, percentage of shareholdings to be represented by the two (2) proxies		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature of Member/Common Seal \_\_\_\_\_

**Notes:**

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 6 September 2017 (General Meeting Record of Depositors) shall be eligible to attend and vote at this Twenty-Fifth (25<sup>th</sup>) Annual General Meeting or appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
- Where a member is an authorised nominee, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.
- The Form of Proxy must be completed, signed and deposited at the office of the Share Registrar, Bina Management (M) Sdn. Bhd. at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or adjourned meeting.

**PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Affix Stamp

Bina Management (M) Sdn. Bhd.  
The Share Registrar of ENRA Group Berhad  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan

Then fold here

Fold this flap for sealing



**[www.enra.my](http://www.enra.my)**

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