

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 / 6 / 2019 RM ' 000	As at 31 / 3 / 2019 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	14,600	14,523
Right of use assets	79,409	85,077
Investment in an associate	17	17
Investment in a joint venture	-	-
Deferred tax assets	76	76
Intangible assets	4,203	4,272
Goodwill	12,940	12,934
	<u>111,245</u>	<u>116,899</u>
Current assets		
Inventories	67,963	83,270
Trade and other receivables	30,583	33,881
Derivative assets	-	512
Current tax assets	1,464	842
Cash and cash equivalents	46,955	29,965
	<u>146,965</u>	<u>148,470</u>
TOTAL ASSETS	<u>258,210</u>	<u>265,369</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	144,744	144,744
Redeemable convertible preference shares equity	2,886	2,886
Reserves	(28,745)	(24,555)
	<u>118,885</u>	<u>123,075</u>
Non-controlling interests	(2,255)	(2,199)
Total equity	<u>116,630</u>	<u>120,876</u>
Non-current liabilities		
Deferred tax liabilities	283	283
Trade and other payables	1,463	2,613
Borrowings	238	282
Leasing liabilities	31,495	59,144
Redeemable convertible preference shares liability	5,682	5,580
	<u>39,161</u>	<u>67,902</u>
Current liabilities		
Trade and other payables	33,325	31,776
Derivative liabilities	1	-
Borrowings	18,192	16,168
Leasing liabilities	49,829	27,658
Current tax liabilities	1,072	989
	<u>102,419</u>	<u>76,591</u>
Total liabilities	<u>141,580</u>	<u>144,493</u>
TOTAL EQUITY AND LIABILITIES	<u>258,210</u>	<u>265,369</u>
Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)	<u>0.88</u>	<u>0.91</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2019 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarters	
	30 / 6 / 2019	30 / 6 / 2018	30 / 6 / 2019	30 / 6 / 2018
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
		(Restated)		(Restated)
Continuing operations				
Revenue	51,469	66,847	51,469	66,847
Cost of sales	(42,383)	(53,627)	(42,383)	(53,627)
Gross profit	9,086	13,220	9,086	13,220
Other operating income	590	1,041	590	1,041
Operating expenses	(7,840)	(7,859)	(7,840)	(7,859)
Profit from operations	1,836	6,402	1,836	6,402
Lease interest expense	(772)	(609)	(772)	(609)
Finance cost	(337)	(837)	(337)	(837)
Share of results of an associate	-	86	-	86
Share of results of a joint venture	-	-	-	-
Profit before taxation	727	5,042	727	5,042
Taxation	(537)	(1,964)	(537)	(1,964)
Profit for the financial period from continuing operations	190	3,078	190	3,078
Discontinued operations				
Loss for the financial period from discontinued operations, net of tax	-	(191)	-	(191)
Profit for the financial period	190	2,887	190	2,887
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	(344)	24	(344)	24
Total comprehensive (loss)/income for the financial period	(154)	2,911	(154)	2,911
Profit attributable to:-				
Equity holders of the Company	109	2,181	109	2,181
Non-controlling interests	81	706	81	706
	190	2,887	190	2,887
Total comprehensive (loss)/income attributable to:-				
Equity holders of the Company	(142)	2,202	(142)	2,202
Non-controlling interests	(12)	709	(12)	709
	(154)	2,911	(154)	2,911
Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):				
(a) Basic				
Profit from continuing operations	0.08	1.76	0.08	1.76
Loss from discontinued operations	-	(0.14)	-	(0.14)
	0.08	1.62	0.08	1.62
(b) Fully diluted	n/a	n/a	n/a	n/a

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2019 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Non-distributable					Distributable			
	Share Capital RM ' 000	Redeemable Convertible Preference Shares RM ' 000	Capital Reserves RM ' 000	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000	Retained Earnings RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	Total Equity RM ' 000
Financial period ended 30 June 2019									
As at 1 April 2019	144,744	2,886	275	53	(1,199)	(23,684)	123,075	(2,199)	120,876
Profit for the financial period	-	-	-	-	-	109	109	81	190
Other comprehensive loss, net of tax	-	-	-	(251)	-	-	(251)	(93)	(344)
Total comprehensive (loss)/income	-	-	-	(251)	-	109	(142)	(12)	(154)
Dividends to equity holders of the Company	-	-	-	-	-	(4,048)	(4,048)	-	(4,048)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(160)	(160)
Issue of shares by subsidiaries to a non-controlling interest	-	-	-	-	-	-	-	116	116
Total transactions with owners	-	-	-	-	-	(4,048)	(4,048)	(44)	(4,092)
As at 30 June 2019	144,744	2,886	275	(198)	(1,199)	(27,623)	118,885	(2,255)	116,630
Financial period ended 30 June 2018									
As at 1 April 2018	144,744	409	275	92	(1,199)	7,000	151,321	13,724	165,045
Profit for the financial period	-	-	-	-	-	2,181	2,181	706	2,887
Other comprehensive income, net of tax	-	-	-	21	-	-	21	3	24
Total comprehensive income	-	-	-	21	-	2,181	2,202	709	2,911
Disposal of a subsidiary	-	-	-	-	-	-	-	(2,707)	(2,707)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(11,577)	(11,577)
Total transactions with owners	-	-	-	-	-	-	-	(14,284)	(14,284)
As at 30 June 2018	144,744	409	275	113	(1,199)	9,181	153,523	149	153,672

The above Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2019 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarters ended	
	30 / 6 / 2019	30 / 6 / 2018
	RM ' 000	RM ' 000
		(Restated)
Cash flows from operating activities		
Profit before taxation		
- continuing operations	727	5,042
- discontinued operations	-	(191)
Adjustments for non-cash items:		
Written back of provision for impairment loss on trade receivables	(337)	-
Depreciation of property, plant and equipment	267	291
Depreciation of right of use assets	7,102	4,917
Amortisation of intangible assets	69	-
Fair value loss/(gain) on derivatives	513	(198)
Loss on disposal of subsidiaries	-	338
Loss on disposal of property, plant and equipment	-	52
Unrealised loss on foreign exchange	386	1,006
Unwinding of redeemable convertible preference shares discount	102	15
Fair value changes on contingent consideration	(130)	-
Share of results of an associate	-	(86)
Share of results of a joint venture	-	-
Lease interest expense	772	609
Interest expense	235	1,223
Interest income	(316)	(136)
Operating profit before changes in working capital	9,390	12,882
Changes in working capital	18,308	18,097
Tax paid	(691)	(287)
Net cash generated from operating activities	27,007	30,692
Cash flows from investing activities		
Interest received	316	136
Placement of pledged deposits	(1,322)	(2,450)
Proceeds from disposal of property, plant and equipment	-	166
Net outflows on disposal of a subsidiary	-	(2,445)
Acquisition of:		
- right of use assets	-	(9)
- property, plant and equipment	(247)	(887)
- subsidiaries, net of cash	(77)	-
Net cash used in investing activities	(1,330)	(5,489)
Cash flows from financing activities		
Interest paid	(235)	(1,223)
Dividends paid to:		
- equity holders of the Company	(4,048)	-
- non-controlling interests	(160)	(11,577)
Net drawdown of borrowings	1,682	6,606
Repayment of lease liabilities MFRS 16	(7,675)	(5,452)
Net cash used in financing activities	(10,436)	(11,646)
Net increase in cash and cash equivalents	15,241	13,557
Cash and cash equivalents at beginning of financial period	22,836	21,970
Effect of foreign currency exchange rate changes	(95)	(38)
Cash and cash equivalents at end of financial period	37,982	35,489
Cash and cash equivalents comprise:-		
Cash and bank balances	46,955	43,737
Less: Bank overdrafts	(1,205)	-
Fixed deposits pledged to licensed banks	(7,768)	(8,248)
	37,982	35,489

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2019 and the accompanying explanatory notes to the interim financial statements.

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

1 Basis of preparation

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

2 Changes in Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2019, except for the adoption of the following standards, amendments to published standards and interpretations to existing standards which are effective for the financial period commencing on or after 1 January 2019:

Title:	Effective Date
IC Interpretation 23 <i>Uncertainty Over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

The standards and amendments that are issued but not yet effective up to the date of this interim report are disclosed below:

Title:	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Business Combinations - Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements - Definition of Material</i>	1 January 2020
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

3 Qualification of auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2019 was not subject to any audit qualification.

4 Seasonal and cyclical factors

The business of the Group was not affected by any significant seasonal and cyclical factors during the current financial period under review.

5 Unusual items due to their nature, size and incidence

There were no items during the financial year under review affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence other than the material items disclosed in Note 20.

6 Changes in estimates

There were no changes in estimates which have a material effect on the results of the current financial year under review other than material items disclosed in Note 20.

7 Debt and equity securities

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

8 Dividends paid to equity holders of the Company

The Company paid first interim single tier dividend of 3.0 sen per share of RM4.05 million during current financial year on 17 May 2019 (Note 30).

9 Revenue

The disaggregation of Group's revenue from continuing operations by major products or services are as follows:

	Cumulative Quarters	
	30 / 6 / 2019	30 / 6 / 2018
	RM'000	RM'000
Products or services:		
Sale of completed properties	19,040	-
Sale of trading goods	17,929	50,192
Contract revenue	-	339
Leasing	12,353	8,627
Services rendered:		
- logistic	64	662
- energy	2,083	7,027
	<u>51,469</u>	<u>66,847</u>
Timing of revenue recognition:		
At a point in time	38,378	51,212
Over time	13,091	15,635
	<u>51,469</u>	<u>66,847</u>

10 Segmental information

	Property development RM'000	(New) Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 June 2019				
Result from continuing operations:				
Revenue				
- External	19,040	32,429	-	51,469
Results				
Operating profit/(loss)	85	4,313	(2,878)	1,520
Interest income				316
Lease interest expense				(772)
Finance cost				(337)
Tax expense				(537)
Profit for the financial period from continuing operations				<u>190</u>
Results from discontinued operations				
Profit for the financial period from discontinued operations, net of tax				-
Profit for the financial period				<u>190</u>

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 June 2018				
Result from continuing operations				
Revenue				
- External	-	66,847	-	66,847
Results				
Operating profit/(loss)	1,488	8,716	(3,838)	6,366
Interest income				122
Lease interest expense				(609)
Finance cost				(837)
Tax expense				(1,964)
Profit for the financial period from continuing operations				3,078
Results from discontinued operations				
Loss for the financial period from discontinued operations, net of tax				(191)
Profit for the financial period				2,887

The results from discontinued operations above relates to investment properties business in respect of Holiday Plaza and Shamelin Business Centre that has been classified as non-current assets held for sale. There is no more contribution from discontinued operations since 30 June 2018.

Starting from 1 April 2019, the engineering, construction and fabrication ("ECF") division has been amalgamated into the energy services division as all current business activities of the ECF division are related to energy services business. As a result, the comparative figures for energy services have been restated accordingly to follow the current segmental reporting.

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

11 Changes in the composition of the Group

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

- (i) On 31 May 2019, ENRA Land Sdn. Bhd. ("ELAND"), a wholly-owned direct subsidiary of the Company has entered into a Shareholders Agreement with IBGH Capital Sdn. Bhd. ("IBGHC") to collaborate in the business of property development in Malaysia via Q Homes Sdn. Bhd. ("Q Homes"). Q Homes was incorporated in Malaysia on 28 February 2019 as a private limited company. The principal activities of Q Homes and its subsidiary ("Q Homes Group") include construction of buildings and real estate activities. Q Homes owns a 100% equity stake in Merpati TPG Sdn. Bhd.

On 20 June 2019, ELAND has subscribed for a 51% equity stake in Q Homes for a total cash consideration of RM127,500.

The effects on the financial position of the Group arising from the acquisition of subsidiaries are as follows:

	30 / 6 / 2019 RM'000
Assets/(Liabilities) acquired:	
Property, plant & equipment	6
Property development cost	231
Trade and other receivables	124
Cash and bank balances	50
Trade and other payables	(174)
Total identifiable net assets	237
Goodwill on consolidation	6
Non-controlling interests	(116)
Purchase consideration satisfied by cash	127
Cash and cash equivalents acquired	(50)
Cash outflow on acquisition of subsidiaries	77

12 Significant events during the year

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

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

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

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

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

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

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

(collectively "Adjudication Decision").

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

On 8 January 2019, the High Court held:

- (i) Gemula's application to set aside the Adjudication Decision for CIPAA Payment Claim was dismissed with costs in the sum of RM15,000; and
- (ii) the application by EEFAB to enforce the Adjudication Decision for CIPAA Payment Claim as a judgement or order of the High Court was allowed with costs in the sum of RM10,000 to be paid by Gemula.

On 29 January 2019, EEFAB received the Notice of Appeal from Gemula to appeal against the decision of the High Court dated 8 January 2019.

The latest development on this is that the case management for Enforcement and Setting Aside Appeals have both been fixed on 18 September 2019.

On 4 March 2019, EEFAB, through its solicitors, served Notice of Demand to Gemula demanding payment of the sum totalling RM10.38 million. Subsequently, on 27 March 2019, EEFAB, through its solicitors, filed a winding up petition at the High Court against Gemula as they had failed to pay the sum owing set out in the Notice of Demand after the expiration of 21 days from the date of the service of the said Notice of Demand and the Kuala Lumpur High Court granted the winding up petition initiated by EEFAB against Gemula in the hearing on 25 June 2019 at the Insolvency Courtroom.

Gemula has filed a Notice of Appeal to the Court of Appeal on 31 July 2019. The latest development on this is that the case management for the Appeal by Gemula on the winding up petition is set on 26 September 2019.

EEFAB will continue to pursue the recovery of the full amount owed by Gemula, including the other monies instructed by the High Court for Gemula to pay EEFAB despite the provision of impairment made on this receivable.

13 Significant related party transactions

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

	Cumulative Quarters	
	30 / 6 / 2019	30 / 6 / 2018
	RM'000	RM'000
Purchase of goods and services from non-controlling interest of ENRA IOL Sdn Bhd ("EIOL")	895	-

14 Changes in material contingent liabilities or assets

There were no material contingent liabilities or contingent assets since the last financial year ended 31 March 2019 other than the corporate guarantees given by the Company in favour of its subsidiaries as follows:

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

15 Capital commitments

The capital commitments as at the end of the financial period ended 30 June 2019 is as follows:

	As at 30 / 6 / 2019 RM'000	As at 30 / 6 / 2018 RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	7,350	-

16 Review of performance

For the financial period under review, the Group's business activities from continuing operations were split into 3 segments:

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

Revenue (continuing operations)				
Quarter	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
FY19/20:				
Quarter 1	19,040	32,429	-	51,469
	19,040	32,429	-	51,469
FY18/19:				
Quarter 1	-	66,847	-	66,847
Quarter 2	-	36,162	-	36,162
Quarter 3	2,891	30,787	-	33,678
Quarter 4	-	28,019	-	28,019
	2,891	161,815	-	164,706
Profit/(loss) before taxation (continuing operations)				
Quarter	(Restated) Property development RM'000	(Restated) Energy services RM'000 (restated)	Investment holdings and others RM'000	Consolidated RM'000
FY19/20:				
Quarter 1	(16)	3,578	(2,835)	727
	(16)	3,578	(2,835)	727
FY18/19:				
Quarter 1	1,522	8,196	(4,676)	5,042
Quarter 2	(165)	3,190	(3,395)	(370)
Quarter 3	(45)	4,176	(4,537)	(406)
Quarter 4	(9,905)	(17,465)	(180)	(27,550)
Full financial year	(8,593)	(1,903)	(12,788)	(23,284)
Excluding major exceptional items	9,276	15,262	-	24,538
Full financial year excluding exceptional items	683	13,359	(12,788)	1,254

Q1 FY19/20 v Q1 FY18/19

For the quarter ended 30 June 2019 ("Q1 FY19/20"), the Group revenue decreased by RM15.38 million due to lower contribution by Energy services division which also resulted in lower profit before taxation from continuing operations of RM0.73 million as compared to Q1 FY18/19 of RM5.04 million.

Energy services division recorded a lower profit of RM3.58 million as compared to RM8.20 million in the same quarter in previous year, mainly due to lower seasonal catalyst demand.

Meanwhile, revenue of property development division has increased to RM19.0 million from RMNil in Q1 FY18/19, owing to the sales of 1 unit of the completed properties in London. Despite the huge increase in revenue, the division recorded loss before taxation ("LBT") of RM16K as compared to profit before taxation ("PBT") of RM1.52 million in previous year, mainly due to the cost of these completed properties has been written down to its net realisable value, thus no gross profit was recorded. The additional professional fees incurred for the improvement and management of these properties and other expenses incurred by this division also added to the loss. Furthermore, the higher PBT in Q1 FY18/19 was also due to fair value gain on inventories of RM1.94 million.

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

For the financial quarter under review, the Group's continuing operations recorded a higher revenue of RM51.47 million from RM28.02 million in Q4 FY18/19 mainly from the sales of 1 unit of the completed property project in London. Meanwhile, the profit before taxation of RM0.73 million as compared to significant loss of RM27.55 million in the immediate preceding quarter, mainly due to the exceptional items of writedown of our properties held for sale in London and full provision of impairment loss on a trade receivable in relation to the legal case disclosed in Note 12(a).

18 Future prospects

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

(a) Property development

For the financial year 2019/2020 ("FY19/20"), with the sale of another unit of flat of Portland Chambers in the second quarter, now we are focusing on selling the remaining 2 units of Portland Chambers and the remaining unsold units in Shamelin Star. The Rugby property project in the United Kingdom is pending approval for our enhanced planning to increase the number of units for independent retirement living. With the newly acquired subsidiary, Q Homes Sdn. Bhd., the Group is gearing towards developing affordable landed properties in established townships in the Klang Valley.

(b) Energy services

The segment will continue to be the leading revenue and earnings contributor to the Group. With global oil price hovering between USD60 - 70 per barrel and the resumption of capital expenditure and repair, maintenance and replacement programme by the energy players, this sector is expected to remain robust. With aggressive marketing strategies, improvement in supply chain management, the Group anticipates the current year performance for the segment to be satisfactory. This segment will also continue to bid for contracts whenever the opportunity arises to enhance our order book including for the smart and energy savings lighting business.

The Group will continue to focus on opportunistic business development, operational improvement and cost management initiatives in view of the uncertain global economic environment.

19 Profit forecast

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

20 Profit for the financial year for continuing operations

	Cumulative Quarters	
	30 / 6 / 2019	30 / 6 / 2018
	RM'000	RM'000
Profit before taxation for continuing operations is arrived at after (crediting) / charging		
Interest income	(316)	(122)
Interest expense	337	837
Lease interest expense	772	609
Other income including investment income	(157)	(1)
Fair value changes on contingent consideration	(130)	-
Depreciation of property, plant and equipment	267	289
Depreciation of right of use assets	7,102	4,917
Amortisation of intangible assets	69	-
Fair value gain on derivatives	513	(198)
Loss on disposal of subsidiaries	-	338
Loss on disposal of property, plant and equipment	-	52
Written back of provision for impairment loss on trade receivables	(337)	-
Unrealised loss on foreign exchange	386	1,006
Realised (gain)/loss from foreign exchange	(527)	52

ENRA GROUP BERHAD
(Company No. 236800-T)

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

Save as disclosed above and in the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income, the other items as required under Appendix 9B, Part A (16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

21 Income tax expense

	Individual Quarter		Cumulative Quarter	
	30 / 6 / 2019	30 / 6 / 2018	30 / 6 / 2019	30 / 6 / 2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	537	2,306	537	2,306
- overprovision for prior year	-	(321)	-	(321)
- deferred taxation	-	(21)	-	(21)
	<u>537</u>	<u>1,964</u>	<u>537</u>	<u>1,964</u>

The Group's effective tax rate is higher than the statutory tax rate as certain expenses are not allowable for tax deductions and some companies registered loss before taxation.

22 Status of corporate proposals announced but not completed as at 13 August 2019

There were no corporate proposal announced but not yet completed as at 13 August 2019.

23 Goodwill

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

	As at 30 / 6 / 2019
	RM'000
75% of ENRA Engineering And Fabrication Sd. Bhd. ("EEFAB")	8,505
100% of International Chemicals Engineering Pty. Ltd. ("ICE")	4,004
51% of ENRA IOL Sdn. Bhd. ("EIOL")	401
51% of Abode Senior Living Limited ("ASLL")	24
51% of Q Homes Sdn. Bhd. ("Q Homes")	6
	<u>12,940</u>

Q Homes is the new subsidiary acquired during the year in Note 11(a).

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

The annual impairment review conducted at the year end is performed by comparing the carrying amount of the unit's carrying amount and its recoverable amount determined based on value in use calculations using cash flow projections covering five years period. There is no impairment loss to be recognised in the current financial year.

24 Borrowings and debts securities

Total borrowings of the Group were analysed as follows :

	Short Term		Long Term		Total		
	Foreign currency	Malaysian Ringgit	Foreign currency	Malaysian Ringgit	Foreign currency	Malaysian Ringgit	Total Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2019:							
Secured							
Bank overdrafts	-	1,205	-	-	-	1,205	1,205
Term loans	9,553	-	-	-	9,553	-	9,553
Hire-purchase and lease creditors	-	192	-	238	-	430	430
Trade facilities	-	7,242	-	-	-	7,242	7,242
	<u>9,553</u>	<u>8,639</u>	<u>-</u>	<u>238</u>	<u>9,553</u>	<u>8,877</u>	<u>18,430</u>
As at 30 June 2018:							
Secured							
Term loans	2,808	-	-	-	2,808	-	2,808
Hire-purchase and lease creditors	-	180	-	429	-	609	609
Trade facilities	30,402	30,094	-	-	30,402	30,094	60,496
	<u>33,210</u>	<u>30,274</u>	<u>-</u>	<u>429</u>	<u>33,210</u>	<u>30,703</u>	<u>63,913</u>

The decrease in bank borrowings is mainly due to repayment made for term loans and lower withdrawal of trade facilities during the financial period.

25 Derivatives

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

Details of the Group's derivatives financial instruments outstanding as at 30 June 2019 are as follows:

	Currency	Nominal value '000	Fair value gain/(loss) RM'000
As at 30 June 2019:			
Forward currency selling contracts less than 1 year:	GBP	1,941	(513)
Net fair value loss			(513)
As at 30 June 2018:			
Forward currency selling contracts less than 1 year:	GBP	8,054	397
Forward currency buying contracts less than 1 year:	EURO	(4,529)	(238)
	USD	(920)	39
			(199)
Net fair value gain			198

26 Material impairment of assets

Material impairment loss of assets recognised in the statement of profit and loss and other comprehensive income in the current quarter and comparative quarter is disclosed in Note 16, 17 and 20.

27 Material litigation

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

28 Earnings per ordinary share

Basic earnings per share are calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding any treasury shares held by the Company.

	Quarter Ended		Cumulative Quarter Ended	
	30 / 6 / 2019	30 / 6 / 2018	30 / 6 / 2019	30 / 6 / 2018
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- continuing operations	109	2,372	109	2,372
- discontinued operations	-	(191)	-	(191)
	<u>109</u>	<u>2,181</u>	<u>109</u>	<u>2,181</u>
Weighted average number of ordinary shares in issue ('000)				
Total number of ordinary shares	136,208	136,208	136,208	136,208
Treasury shares	(1,289)	(1,289)	(1,289)	(1,289)
	<u>134,919</u>	<u>134,919</u>	<u>134,919</u>	<u>134,919</u>
Basic earnings per share (sen) :				
- continuing operations	0.08	1.76	0.08	1.76
- discontinued operations	-	(0.14)	-	(0.14)
	<u>0.08</u>	<u>1.62</u>	<u>0.08</u>	<u>1.62</u>

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 30 June 2019.

29 Status of utilisation of proceeds raised from corporate proposal

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

30 Dividends

On 23 April 2019, the Board of Directors has declared a first interim single tier dividend of 3.0 sen per share in respect of FY18/19 amounting to RM4.05 million which is recognised in FY19/20 (FY17/18: RM6.07 million). The dividend was paid on 17 May 2019.

The Board of Directors does not recommend the payment of any final dividend in respect of FY18/19.

31 Review by external auditors

The interim financial statements have been reviewed by the external auditors in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

By Order of the Board
ENRA Group Berhad