

TAKING ON A
**GAME CHANGING
ENVIRONMENT**



Cover Rationale

ENRA is poised to take on a game changing environment. With a clean slate, anything is possible.



SCAN QR CODE

to obtain a softcopy of Annual Report 2020

OUR 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.

OUR 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-Eighth (28th) Annual General Meeting ("AGM") of ENRA Group Berhad

Date:

Friday,
25 September 2020

Time:

10.00 a.m.

Broadcast Venue:

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Note:

The venue of the 28th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of Meeting to be present at the main venue. No shareholders/proxy(ies) from the public shall be physically present at nor admitted to the Broadcast Venue.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Ali bin Abdul Kadir

*Chairman,
Independent Non-Executive
Director*

Tan Sri 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*

Loh Chen Yook

*Independent Non-Executive
Director*

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman

Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Members

Datuk Ali bin Abdul Kadir

Datuk Anuar bin Ahmad

Dato' Wee Yiau Hin

BOARD NOMINATION AND REMUNERATION COMMITTEE

Chairman

Datuk Anuar bin Ahmad

Members

Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Dato' Wee Yiau Hin

COMPANY SECRETARIES

Chin Soo Ching @ Chen Soo Ching

MAICSA 7042265

Tai Yit Chan

MAICSA 7009143

Tan Lai Hong

MAICSA 7057707

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7784 3922
Fax : 03-7784 1988

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
Website : www.enra.my

AUDITORS

BDO PLT
LLP0018825-LCA & AF-0206
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

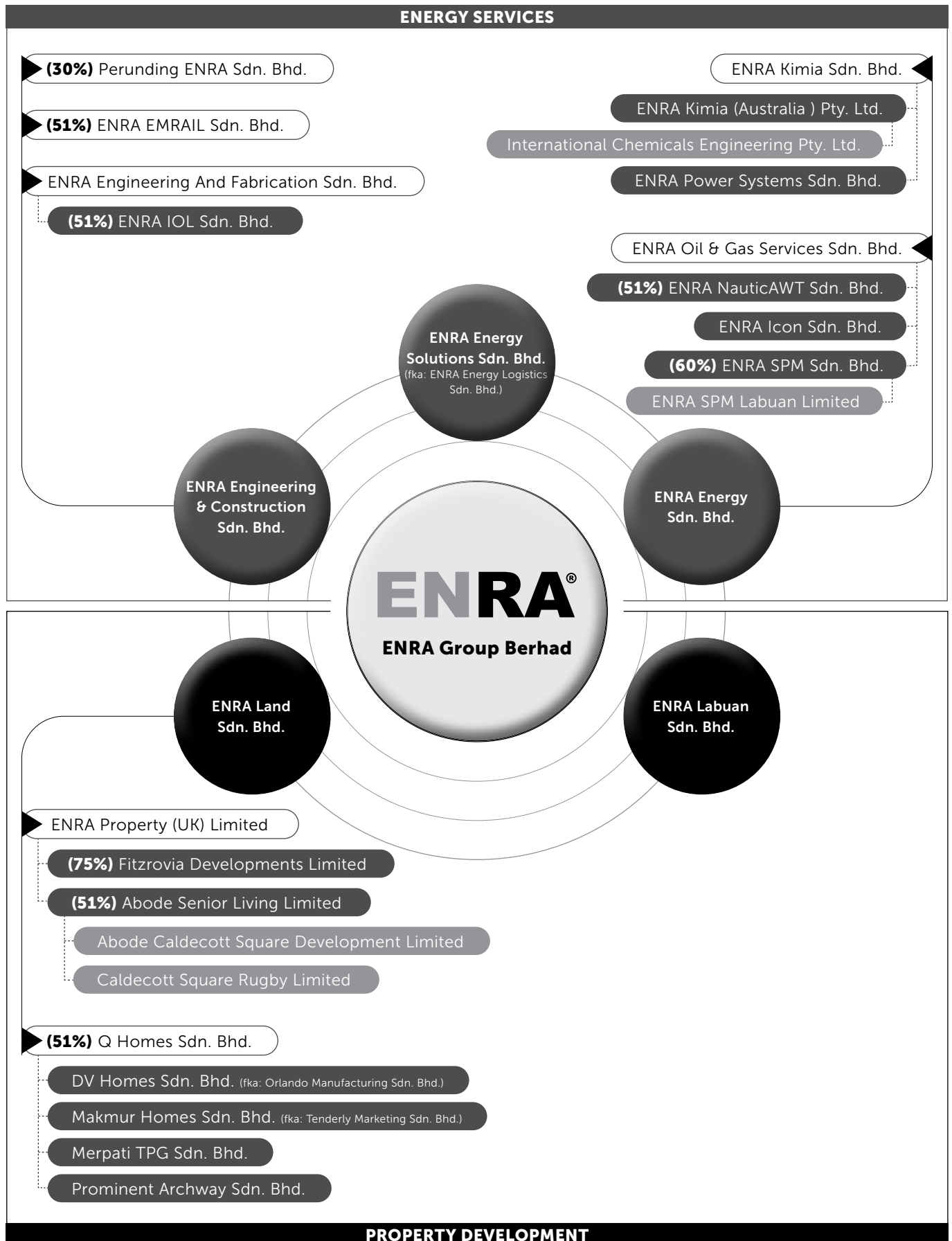
PRINCIPAL BANKERS/LENDERS

CIMB Bank Berhad
Malayan Banking Berhad
AmBank (M) Berhad
Bank Pembangunan Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 8613
Stock Name : ENRA

CORPORATE STRUCTURE



FIVE-YEAR FINANCIAL HIGHLIGHTS

As at 30 June 2020

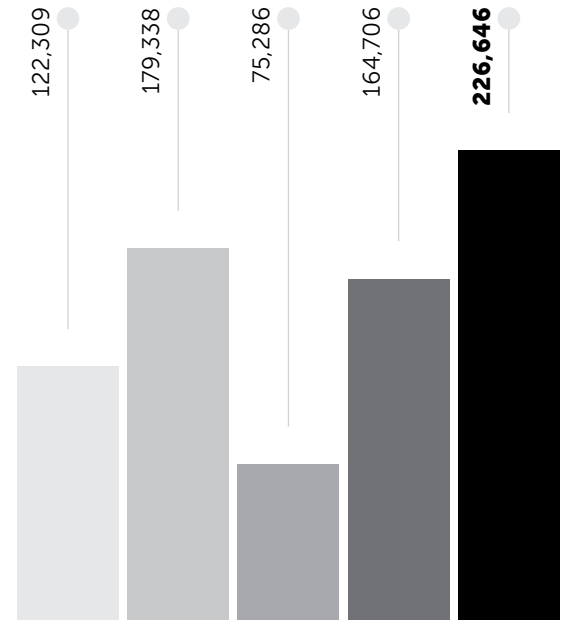
	FY 2015/16	FY 2016/17	FY 2017/18 Restated	FY 2018/19	FY 2019/20
Continuing Operations					
- Revenue (RM'000)	122,309	179,338	75,286	164,706	226,646
- Gross profit (RM'000)	35,714	54,973	21,367	32,569	43,927
- Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)	22,599	29,848	1,752	9,735	36,394
- EBITDA excluding major exceptional items (RM'000)	22,599	29,848	(2,340)	34,273	36,394
- Profit/(Loss) After Tax (RM'000)	13,326	19,532	(3,534)	(26,317)	4,481
- Profit/(Loss) After Tax and Non-Controlling Interests ("PATAMI/LATAMI") (RM'000)	9,361	11,930	(2,676)	(24,134)	2,480
- Profit Before Tax ("PBT") excluding major exceptional items (RM'000)	21,595	28,521	(5,482)	4,346	8,362
- PATAMI excluding major exceptional items (RM'000)	9,361	11,930	(6,768)	(1,915)	2,480
- Earnings per share ("EPS") (sen)	6.94	8.84	(1.98)	(17.89)	1.84
Shareholders' equity (RM'000)	235,203	152,745	151,321	123,075	121,825
Number of shares (excluding treasury shares) ('000)	134,919	134,919	134,919	134,919	134,919
Net assets per share (RM)	1.74	1.13	1.12	0.91	0.90
Share price as at year end (RM)	2.06	2.83	2.66	1.15	1.20
Market capitalisation as at year end (RM'000)	277,932	381,819	358,883	155,156	161,902
Exceptional Items (RM'000) (above RM1 million)					
Derecognition of contingent consideration for business acquisition	-	-	(4,092)	-	-
Net realisable value write down for inventories	-	-	-	9,276	-
Full impairment of the remaining balance of a trade receivables	-	-	-	15,262	-
Total Exceptional Items	-	-	(4,092)	24,538	-

FIVE-YEAR FINANCIAL HIGHLIGHTS

As at 30 June 2020

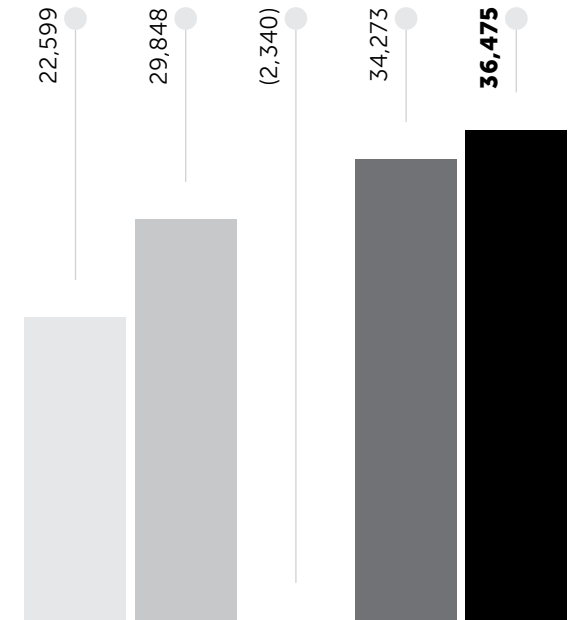
REVENUE FROM CONTINUING OPERATIONS

(RM'000)

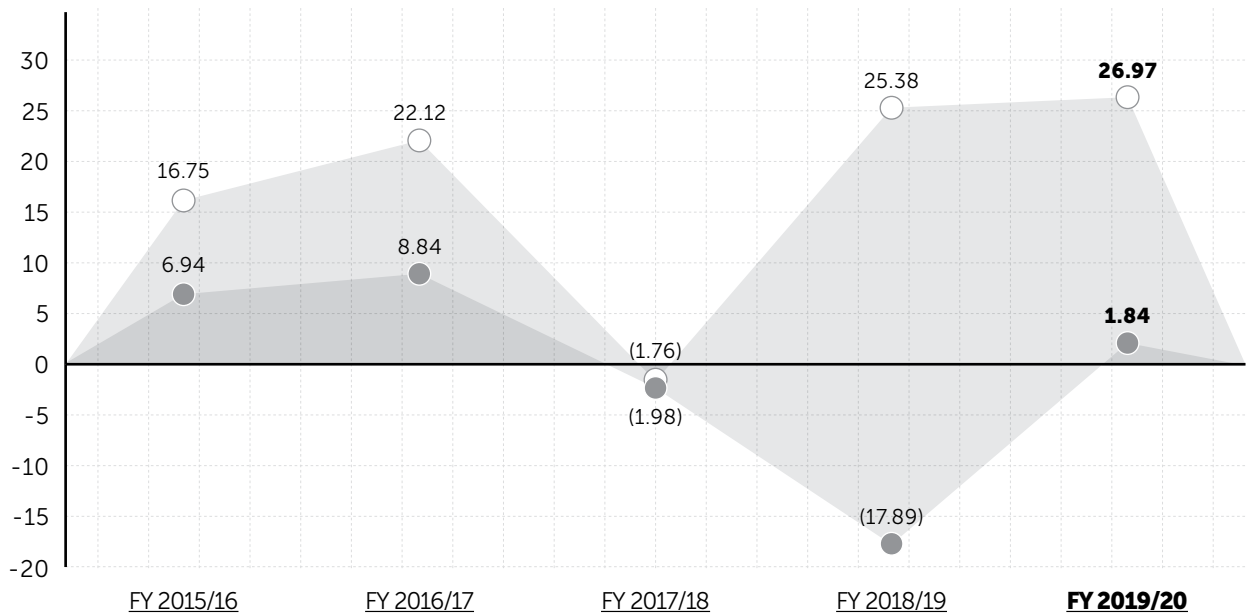
FY 2015/16 FY 2016/17 FY 2017/18 FY 2018/19 **FY 2019/20**

EBITDA EXCLUDING MAJOR EXCEPTIONAL ITEMS

(RM'000)

FY 2015/16 FY 2016/17 FY 2017/18 FY 2018/19 **FY 2019/20**

PER SHARE FROM 2016 TO 2020



○ EBITDA excluding major exceptional items per share (sen)

● EPS (sen)

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors of ENRA Group Berhad and its subsidiaries ("ENRA" or "the Group") (the "Board"), I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended 31 March 2020 ("FYE 2020"), as attached.



This FYE 2020 marks the 5th financial year of reporting since the current Board and management joined the Group in FYE 2016. We began our journey seeking opportunities outside of Malaysia for our Property Development division and setting up various businesses in the Energy Division with ENRA Kimia Sdn. Bhd. and ENRA SPM Sdn. Bhd. as the primary anchors.

Over these 5 years, the world has experienced a period of volatility – from the 2014/2015 energy crisis, Brexit which started in 2016, various political transformations here at home, a very soft domestic real estate market that is still ongoing, amongst others, and most recently the COVID-19 pandemic that has negatively impacted many businesses globally. Despite this continuous stream of difficulties ENRA recorded revenue of RM226.65 mil and gross profit of RM43.993 mil in FYE 2020, the highest ever over the past 10 years, and a profit after tax of RM4.48 mil.

Looking back, I am grateful that we observed and acknowledged the many business obstacles enveloping Malaysia and the world, and applied three principles that have been our driving factors – prudence, conservatism and resilience – in response to these challenges. As a result, our businesses are stable operations that we believe will weather the current difficulties. A major demonstration of the fruits of our labour is the Group's still growing Energy Division. From their humble inception in FYE 2016, this division generated a combined total of RM174.68 mil in revenue and RM21.54 mil in segmental operating profit for FYE 2020 – 4 consecutive years of growth, an achievement which I am immensely proud of.

In supporting ENRA's growth, the Board recognises the importance of corporate governance best practices in ENRA's management and operations. Enhancing corporate governance will be an ongoing policy that the Board is actively leading and which, for this year, includes the adoption of an Anti-Corruption Policy & Procedure which sets out the policies and procedures towards compliance with the Malaysian Anti-Corruption Commission Act 2009. We are firmly committed to conducting our businesses with the highest level of integrity and ethics which is important to our reputation, credibility and success.

Moving forward, we do not foresee significant pressure on our businesses despite the pandemic and the pandemic's expected economic side effects. Our Energy Division is deemed an "essential service" under Malaysian law, and as such will continue to operate. Furthermore, we provide products and services that are in niche areas which are currently not significantly affected. Our Property Division is developing products with unique features that we believe will be relevant and sought after under the current circumstances. Operationally, we understand and appreciate the various movement control orders and have implemented stringent standard operating procedures so as to ensure a safe and effective conduct of our businesses and to protect the health and wellbeing of our staff.

We are ready to meet the future head on and I extend my sincere gratitude and appreciation to the ENRA team for all that they have achieved to date.

Datuk Ali bin Abdul Kadir
Chairman

BOARD OF DIRECTORS PROFILE

Datuk Ali bin Abdul Kadir

Malaysian Male Age: 71

Chairman, Independent Non-Executive Director

Datuk Ali was appointed to the Board as Chairman on 1 June 2015. He is also a member of the Audit and Risk Management Committee.

He 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 Honorary Advisor to ICAEW-KL City Chapter and Honorary Fellow of the Institute of Chartered Secretaries & Administrators (UK).

Datuk Ali is currently the Chairman of JcbNext Berhad and a Board member of Glomac Berhad, Ekuiti Nasional Berhad, Citibank Berhad, and other private companies and foundations.

Datuk Ali was appointed as Chairman of the Securities Commission of Malaysia on 1 March 1999 and served in that capacity until 29 February 2004. He also served on a number of national-level committees including the Foreign Investment Committee, the Oversight Committee of National Asset Management Company ("Danaharta"). Prior to his appointment to the Securities Commission, he was the Executive Chairman and Partner of Ernst & Young and its related firms. He was also the former President of MICPA, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed an Adjunct Professor in the Accounting and Business Faculty, University of Malaya (2008 till 2011) and was then appointed to the Advisory Board of the same Faculty.

Datuk Ali was awarded the Panglima Jasa Negara (PJN) by the Yang di-Pertuan Agong in 2001. In 2012, he was bestowed the Lifetime Achievement Award by ICAEW and the President's Award by MICPA.

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 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

Tan Sri Dato' Kamaluddin bin Abdullah

Malaysian Male Age: 53

Executive Deputy Chairman

Tan Sri 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 5 years 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 Securities Berhad ("Bursa Securities") and served as its Group Executive Director. He was also a major shareholder of Dewina Berhad.

He has not been convicted for any offences within the past 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

BOARD OF DIRECTORS PROFILE

Dato' Mazlin bin Md Junid

Malaysian Male Age: 58

President & Group Chief Executive Officer

Dato' Mazlin was appointed to the Board on 20 April 2015 as a Non-Independent and 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 Planning, Operations and Production Control.

In 1987, he joined PA Consulting Group based in the United Kingdom as Senior Consultant & Regional Manager for the manufacturing sector. During his 4 years stint with PA Consulting Group, he was seconded to work in 13 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 5 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 speciality chemicals trading company, supplying to downstream petrochemical industries.

In 2007, he was appointed as the Executive Vice Chairman, President & 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 and Metronic Global Berhad, an Independent Non-Executive Director and Chairman of the Audit Committee of MTD Infraperdana Berhad and an Executive Director-Corporate Affairs & Development in Reach Energy Berhad.

He has not been convicted for any offences within the past 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

Kok Kong Chin

Malaysian Male Age: 54

Executive Director

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 Advanced Leadership Programme by Judge Business School, University of Cambridge.

He has over 25 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 Tropicana Group's major subsidiaries.

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 and Co-Head of Investment Banking.

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 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

BOARD OF DIRECTORS PROFILE

Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Malaysian Male Age: 68

Senior Independent Non-Executive Director

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 the Chairman of the Audit and Risk Management Committee and a member of 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 years tenure with the organisation including his last held position as President and Chief Executive Officer of PETRONAS from 2010 to 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 Liquified Natural Gas ("LNG") facilities and Malaysia's first Regasification terminal in Malacca.

Tan Sri 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 also served as Pro-Chancellor of Universiti Teknologi PETRONAS, a member of the Board of Trustees of the Razak School of Government and the Chairman of the National Trust Fund of Malaysia.

He is currently the Chairman of MMC Corporation Berhad, MMC Ports Holdings, Chairman of the Board of Universiti Malaysia Terengganu and Non Executive Chairman of Sapura Energy 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 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

Datuk Anuar bin Ahmad

Malaysian Male Age: 66

Independent Non-Executive Director

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 PETRONAS. During his 36 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 the Executive Vice President of Gas and Power Business.

During his stint with the PETRONAS Group, he was appointed as the Managing Director and Chief Executive Officer in PETRONAS Dagangan from 1998 to 2002. He was also a member of PETRONAS' Management Committee and member of the PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within the PETRONAS Group. In 1997, between his years of service with the PETRONAS Group, he underwent a 3-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, Nylex (Malaysia) Berhad, Kumpulan Fima Berhad and Chemical Company of Malaysia Berhad. He also holds directorships in a few private companies.

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 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

BOARD OF DIRECTORS PROFILE

Dato' Wee Yiaw Hin

Malaysian Male Age: 61

Independent Non-Executive Director

Dato' Wee was appointed to the Board on 24 August 2016. He is also a member of the Audit and Risk Management Committee and Board Nomination and Remuneration 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 & Gas Industry across the Exploration & Production ("E&P") and Gas & LNG value chain. His experience spans across the technical/operational functions as well as corporate matters including senior management level and positions on boards of directors.

He spent 21 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 PETRONAS as Executive Vice President and Chief Executive Officer of Upstream Business in May 2010. He retired from PETRONAS in April 2016.

Presently, he sits on the board 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, 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 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

Loh Chen Yook

Malaysian Male Age: 65

Independent Non-Executive Director

Mr. Loh was appointed to the Board on 1 June 2015 as a Non-Independent Non-Executive Director. Prior to the change in substantial shareholders of the Company following a mandatory general offer in 2015, Mr. Loh was the Managing Director of the Company, then known as Perduren (M) Bhd., from the year 2007 to 2014. He resigned from the Board on 20 April 2015 and was re-appointed as Non-Executive Director on 1 June 2015 to the Board of the Company which had assumed the new name, ENRA Group Berhad. With effect from 29 November 2018, Mr. Loh was redesignated as an Independent Non-Executive Director.

Mr. Loh has over 30 years of experience in property development, infrastructure and building construction as well as timber logging business. Presently, 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 5 years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

He attended all 6 Board meetings held during the financial year under review.

KEY SENIOR MANAGEMENT PROFILE

In alphabetical order

AHMAD ZAKI BIN AHMAD ZAINUDDIN

Senior Vice President, Logistics Division / Chief Executive Officer, ENRA Energy Solutions Sdn. Bhd.

Date Appointed

1 November 2019

Nationality

Malaysian

Age/Gender

41/Male

Qualifications

- Bachelor of Mechanical Engineering (Hons.), Tenaga Nasional University, Malaysia

Working Experience

- SapuraCrest, Sapura MARS & Sapura Energy. Kuala Lumpur, Malaysia. - Turbine Engineer & Various Functions (Jun. 2001 - Feb. 2005)
- ALSTOM Power Asia Pacific Sdn. Bhd. Kuala Lumpur, Malaysia - Service Sales Engineer / Service Account Manager (TNB) (Mar. 2005 - Mar. 2006)
- ALSTOM (Switzerland) Ltd. Birr, Switzerland - Engineer - Reconditioning (Dec. 2006 - Nov. 2009)
- ALSTOM Power Service (Arabia) FZE, Dubai, U.A.E. - Product Manager - 1 year international assignment from ALSTOM (Switzerland) Ltd (Nov. 2009 - Nov. 2010)
- ALSTOM (Switzerland) Ltd. Birr, Switzerland - Manager - GT Reconditioning Network Production & Processes (Nov. 2010 - Mar. 2012)
- ExxonMobil Exploration & Production Malaysia Inc. Kuala Lumpur - Senior Maintenance Supervisor -Turbomachinery / Failure Response Lead Machinery Recovery & Response Team (Apr. 2012 - Feb. 2013)
- GE Oil & Gas / SapuraKencana GE Oil & Gas Services - Senior Operations Leader - Turbomachinery Services / Repair Shop (Feb. 2013 - May 2016)
- GE Power, Power Services - Regional Product Line Leader, APAC Gas Turbine OEM & AERO (May 2016 - June 2017)
- Sapura Energy Berhad - General Manager (Jul. 2017 - Sept. 2018)

Directorship/Relevant Appointments

- N/A

AMI AKHRAM BIN ABDULLAH

Senior Vice President, Group Finance Division / Chief Financial Officer

Date Appointed

6 February 2017

Nationality

Malaysian

Age/Gender

42/Male

Qualifications

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

Working Experience

- E&Y - 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)

Directorship/Relevant Appointments

- N/A

DATO' IDZHAM MOHD HASHIM

Executive Vice President, Property Division / Chief Executive Officer of ENRA Land Sdn. Bhd.

Date Appointed

1 January 2020

Nationality

Malaysian

Age/Gender

35/Male

Qualifications

- MBA (Strategy) - Bristol Business School (UWE) - 2014
- Bachelor of Commerce (Econometrics) - The University of Melbourne - 2009
- Cambridge "A" Level - Kolej Yayasan UEM - 2008

Working Experience

- Permodalan Nasional Berhad - Management Executive
- Edaran Pekemas Berhad - Manager, Managing Director's Office
- Kirkby International College Sdn. Bhd. - Executive Director
- Highpoint Education Group Sdn. Bhd. - Deputy President/Director
- Naza TTDI Group of Companies - Chief Strategy Officer
- Naza Corporation Sdn. Bhd. - Advisor to the Deputy CEO
- Naza TTDI Group of Companies - Group Executive Director/Chief Operating Officer

Directorship/Relevant Appointments

- N/A

KEY SENIOR MANAGEMENT PROFILE

LAU LEE HOONG

*Senior Vice President,
Group Commercial*

Date Appointed

1 March 2015

Nationality

Malaysian

Age/Gender

38/Male

Qualifications

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

Working Experience

- CIMB Investment Bank Berhad (2006 - 2009)
- Maestro Capital Sdn. Bhd., a boutique M&A advisory firm (2010 - 2014)

Directorship/Relevant Appointments

- N/A

MELVINDER SINGH HARMINDER SINGH

*Vice President,
Group Internal Audit*

Date Appointed

23 October 2015

Nationality

Malaysian

Age/Gender

53/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 Experience

- CGRM Consulting as Director of Corporate Governance, Risk management & Internal Audit (2002)
- Westminster International Consultants (WIC) as Senior Consultant (2006)
- Freescale (formerly Motorola) – Head the Regional Audit Office for Asia Pacific (2008)
- Daya Material Berhad – Group Chief Internal Audit

Directorship/Relevant Appointments

- N/A

RAYBURN AZHAR BIN ALI

*Senior Vice President, Chemicals
Division / Chief Executive Officer of
ENRA Kimia Sdn. Bhd.*

Date Appointed

1 January 2016

Nationality

Malaysian

Age/Gender

50/Male

Qualifications

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

Working Experience

- 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)

Directorship/Relevant Appointments

- Galian Delima Sdn. Bhd. (2000 - 2007)
- Peremba-Kurita Sdn. Bhd. (2001 - 2004)
- Sea Resources Mgmt Sdn. Bhd. & Sea Resources Jeyco Sdn. Bhd. (2008)

KEY SENIOR MANAGEMENT PROFILE

SHARON KOO SIEW LING

*Senior Vice President,
Group Legal*

Date Appointed

15 December 2014

Nationality

Malaysian

Age/Gender

51/Female

Qualifications

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

Working Experience

- Messrs. Lee Choon Wan & Co. (1995 - 2013) – Partner
- Daya Materials Berhad – Head of Legal (2014)

Directorship/Relevant Appointments

- N/A

SITI AISHA BINTI MOHD SAINI

*Vice President, Group Human
Capital & Administration*

Date Appointed

1 January 2015

Nationality

Malaysian

Age/Gender

46/Female

Qualifications

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

Working Experience

- GL Noble Denton – Manager (2008 - 2009)
- SapuraAcergy Sdn. Bhd. – C&B Manager (2009 - 2013)
- Daya Offshore Construction Sdn. Bhd. – Manager (2013)
- Daya Materials Berhad – GM Group HR & Administration (2013 - 2014)

Directorship/Relevant Appointments

- N/A

TAN KEE JU

*Senior Vice President, Engineering
Services Division / Chief Executive
Officer, ENRA SPM Sdn. Bhd.*

Date Appointed

29 September 2016

Nationality

Australian

Age/Gender

60/Male

Qualifications

- Fellow Professional Engineer

Working Experience

- Banner Industries – Project Manager (1990 - 2010)
- PT Adidaya Energy Mandiri – Construction Manager (2012 - 2014)
- Petronas Malaysia, Construction of EPCI (2014 - Current)

Directorship/Relevant Appointments

- SPM Terminals Pty. Ltd., Australia

MANAGEMENT DISCUSSION AND ANALYSIS



ENRA Group Berhad has returned to profitability for the financial year ended 31 March 2020 despite the volatility in oil price and the rapidly changing business environment.



For the year under review, we:

- i. achieved a year of notable growth with total group revenue rising 37.6% to RM226.65 mil from RM164.71 mil in financial year ending 31 March 2019 ("FYE 2019"), driven by commendable performances by both the Energy Services and Property Development divisions;
- ii. recorded a PATAMI of RM2.48 mil compared to LATAMI without Exceptional Items of RM1.91 mil in FYE 2019. This significant improvement was in line with higher revenue, lower operating costs and the absence of exceptional losses;
- iii. completed the sales of all our Portland Chambers flats in London, United Kingdom ("UK"), significantly increasing the Group's cash position, and providing opportunities for re-investment in the Group's businesses;
- iv. acquired our first tanker, Ratu ENRA, on 8 January 2020 and our first fully-classed single point mooring system ("SPM") on 18 February 2020 for RM38.87 mil and RM14.52 mil respectively. Despite the sudden restrictions in logistics and operations caused by the ongoing pandemic COVID-19, these assets were modified in early 2020, deployed and commissioned by 23 May 2020 to service our current offshore oil & gas ("O&G") project located at Yetagun offshore gas field off the coast of Myanmar; and
- v. received planning approval (through our subsidiary, ENRA Land Sdn. Bhd. ("ELand")) for the development of a lifestyle retirement home in Rugby, England in February 2020. ELand had, on 27 March 2019 acquired a 51% stake in Abode Senior Living Limited to participate in the said venture, thus continuing our presence in the property development sector in the UK.

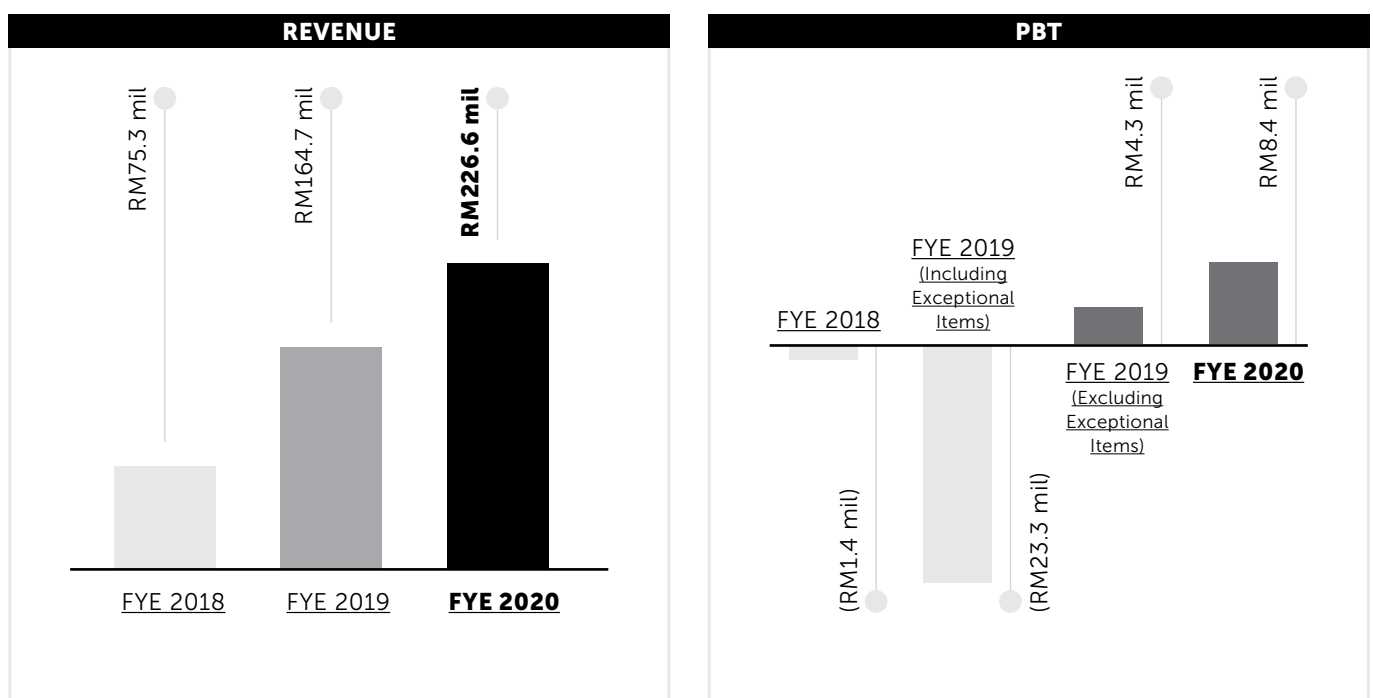
FYE 2020 had been a busy, yet exciting year for us. We explored new revenue streams in FYE 2019 and these efforts have started to bear fruit in FYE 2020. We have also undertaken the initiative to optimise our operations in Myanmar which has also improved our financial performance in FYE 2020. These initiatives will be elaborated further in the following sections.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL FINANCIAL PERFORMANCE

ENRA's FYE 2020 total revenue increased by 37.6% to RM226.65 mil from RM164.71 mil in FYE 2019 as both business divisions, Energy Services and Property Development, performed admirably during the year. We booked a PBT of RM8.36 mil in FYE 2020, returning to the black after a LBT of RM23.28 mil in FYE 2019 that was caused by Exceptional Items comprising of a RM9.30 mil write down in inventories and RM15.26 mil impairment loss on trade receivables related to a completed construction project in FYE 2019.

In line with the improvement in PBT, FYE 2020's PATAMI was higher at RM2.48 mil compared to a LATAMI of RM24.61 mil in the previous financial year.



The Energy Services division continued to grow steadily, recording RM174.68 mil in revenue or an 8.0% increase from FYE 2019's RM161.81 mil driven by higher specialty chemical and gas odorant's sales volumes. This segment continues to be the main revenue generator to the Group, generating 77.1% of total revenue for FYE 2020. The Property Development division also exhibited marked improvement during the financial year under review. Revenue rose from a mere RM2.89 mil in FYE 2019 to RM51.96 mil in FYE 2020 mainly from the sales of all of our Portland Chambers flats in London, UK.

Set out below is the Group's performance measured via two profitability indicators:

	FYE 2019		FYE 2020	REMARKS
	Including Exceptional Items	Excluding Exceptional Items		
Profitability				
Return on Equity ("ROE")	-19.6%	-1.6%	2.0%	Improvement in ROE and ROA in FYE 2020 were in line with the overall improvement of ENRA's profitability
Operational Efficiency				
Return on Assets ("ROA")	-9.1%	-0.7%	0.8%	

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION OVERVIEW

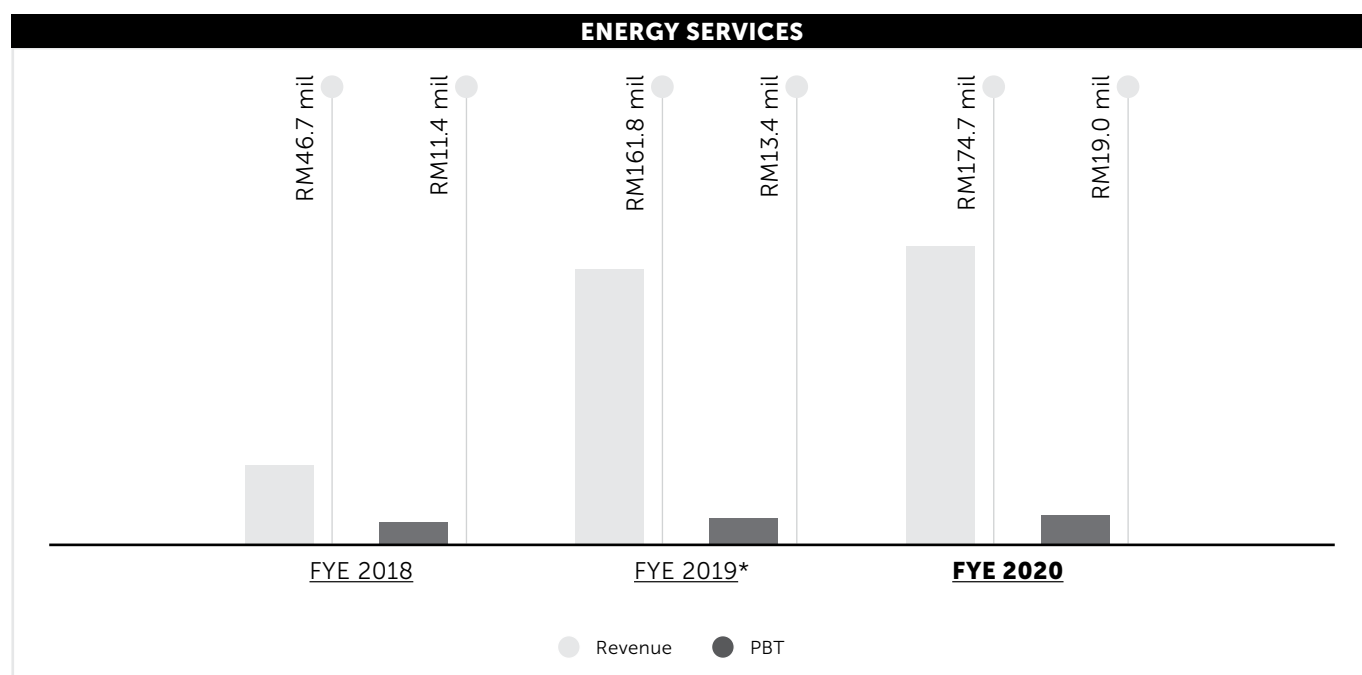
In FYE 2020, the Group invested in two key assets (e.g. Ratu ENRA and the SPM) to service ENRA SPM Sdn. Bhd. ("ESPM") existing contract with PC Myanmar (Hong Kong) Ltd. ("PCML") for their Yetagun oilfield in the Andaman Sea. As such, our gearing has increased from 0.14 times in FYE 2019 to 0.82 times in FYE 2020.

Despite that, our balance sheet remains healthy with cash and cash equivalents standing at RM53.61 mil compared to RM30.00 mil on 31 March 2019.

We will continue to manage our cash prudently according to the needs of our existing businesses and at the same time, carry on investing in new products, services and revenue lines to build a stronger income-generating base for the Group.

Net assets decreased slightly from RM123.10 mil as of 1 April 2019 to RM121.80 mil as of 31 March 2020 due to the dividend payout of RM4.0 million or 3 sen per share on 17 May 2019.

SEGMENTAL PERFORMANCE



Note: * FYE 2019's PBT of RM13.4 mil excludes an Exceptional Item of an impairment loss on trade receivables amounting to RM15.26 mil arising from a completed construction project in FYE 2019.

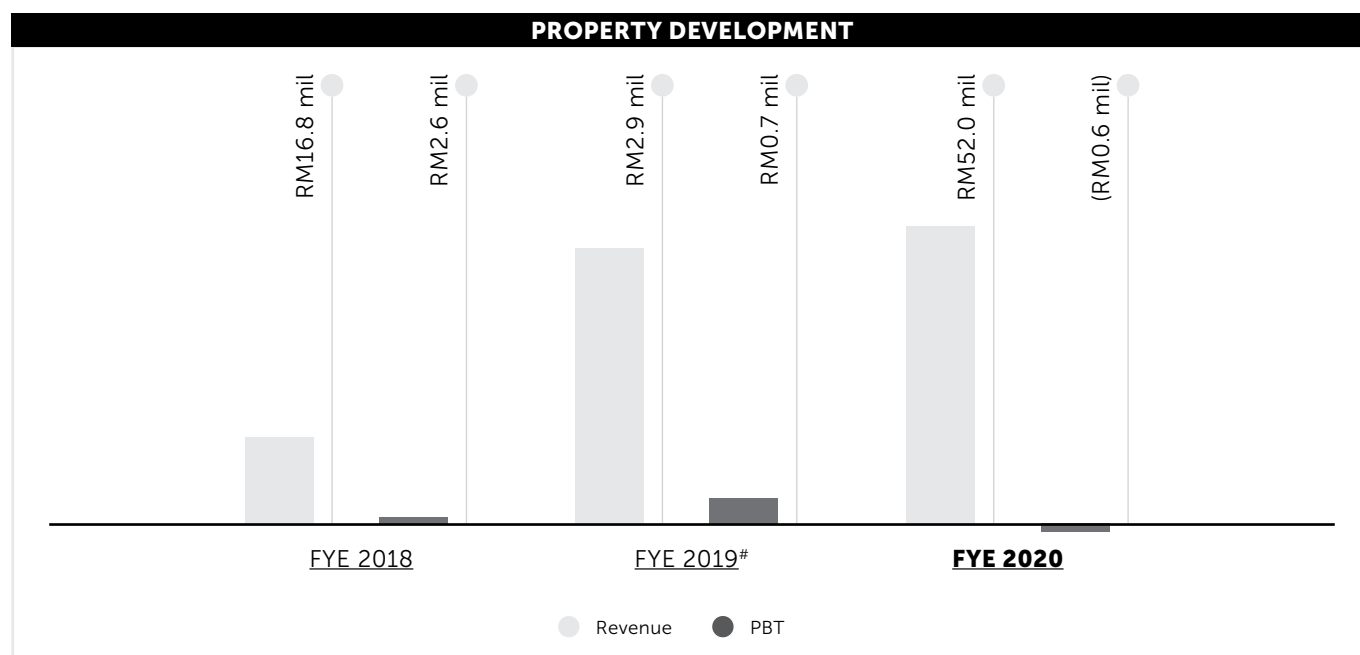
The division's strong performance was rooted in from improvements across all major Energy Services business units in FYE 2020. ENRA Kimia Sdn. Bhd.'s ("EKSB") revenue grew steadily by 5.8% to RM101.31 mil (FYE 2019: RM95.78 mil) and PBT by 7.9% to RM10.35 mil (FYE 2019: RM9.60 mil) in FYE 2020 from the previous financial year. The cyclical rise in demand for specialty chemicals has spurred EKSB's revenue growth.

EKSB's wholly-owned subsidiary, International Chemicals Engineering Pty. Ltd. ("ICE") contributed its first full-year year of revenue and PBT of RM13.45 mil (FYE 2019: RM9.00 mil) and RM1.84 mil (FYE 2019: RM1.33 mil) respectively to the Group in FYE 2020. Other than strong demand for gas odorants in Australia, ICE had also completed a design and engineering contract for the development and installation of a LNG Odorant Injection Package in Victoria, Australia, a first of such engineering work for ICE and also ENRA.

MANAGEMENT DISCUSSION AND ANALYSIS

ESPM is handling the Group's first offshore project in Myanmar. Having deployed its assets and services in April 2018 (early FYE 2019) for PCML, a subsidiary of PETRONAS, FYE 2020 marked the first full year of revenue of RM50.06 mil (FYE 2019: RM46.36 mil) and PBT of RM5.26 mil (FYE 2019: RM0.47 mil). To improve ESPM's operational efficiency and effectiveness for this project, ESPM acquired its maiden vessel (Ratu ENRA) and SPM for deployment in Myanmar. We view these strategic acquisitions positively as these assets will open up more similar business opportunities and strengthen our position within this sub-segment of the O&G industry.

The Energy Services division also included maiden contributions from 2 new businesses that we initiated in FYE 2019, namely the provision of energy-saving lighting solutions and parts supply & provision of after-sales services for rotating equipment such as gas turbines. These two businesses generated total revenue and PBT of RM6.70 mil and RM0.52 mil respectively in FYE 2020.



Note: [#] FYE 2019's PBT excluded Exceptional Items of RM9.30 mil due to a write down on inventories.

In FYE 2020, this division recorded a total of RM51.96 mil in revenue (FYE 2019: RM2.89 mil) that was attributable to 2 projects - 1 each in Malaysia and in the UK. All 4 units of Portland Chambers, our first overseas property development project that was completed in February 2019, were successfully sold for GBP9.14 mil (or RM48.43 mil) by February 2020. Shamelin Star, our project in Cheras, Kuala Lumpur, contributed RM3.53 mil (FYE 2019: RM2.89 mil) in sales from the sale of 5 residential units (FYE 2019: 4 units). As at 31 March 2020, we still have 7 unsold units of Shamelin Star.

The division registered an LBT of RM0.58 mil in FYE 2020 as compared to FYE 2019's PBT excluding Exceptional Items of RM0.68 mil (FYE 2019's LBT including Exceptional Item: RM8.59 mil). The division incurred higher operating expenses during the year under review in preparation for future developments.

FUTURE PROSPECTS

By early 2020, various governments had imposed lockdowns, banning both domestic and international travel in their effort to curb the spread of the COVID-19 virus. Furthermore, oil & gas prices have been volatile over FYE 2020 which may impact our customers' future plans.

The Malaysian Government took critical steps to curb the spread of COVID-19. It initiated a nation-wide movement control order ("MCO") in late March 2020 that lasted 2 months before it was relaxed in early June 2020. Most businesses and government offices in Malaysia were at a standstill during MCO.

MANAGEMENT DISCUSSION AND ANALYSIS

Energy Services Division

The Energy Services Division is primarily an “essential service” and thus has been allowed to operate even during the MCO. As such, the Energy Services Division recorded its highest level of revenue since its commencement in FYE 2016.

The downstream specialty chemicals distribution business continues to see orders and deliveries for its products and services as its customers – refineries, petrochemicals plants, and gas producers/suppliers – need to continue operating. It has also been business as usual for our floating storage and offloading solutions business in Myanmar as the Yetagun field was operational during the pandemic.

Having said that, we intend to continue pursuing the significant growth that this division has successfully demonstrated over the years. We are also cognisant of our customers’ expectations and requirements and will continue providing the support that they need. We will maintain agility in refining our business strategy as and when needed, and expand our product and service offerings in order to remain relevant to our clients in and outside of Malaysia.

Property Development Division

Like many other businesses around the world, our planned real estate projects had to be delayed during the height of the pandemic in Malaysia and the UK in early of 2020. Economic activities have since picked up by the time of writing and we have resumed operations in full force. The key to riding on this recovery phase is building the right product for the right market.

In Malaysia, this division is planning to develop several landed housing projects located in urban areas around the Klang Valley that will be priced at affordable levels. We are confident that there is still demand for our products that are geared towards quality yet affordable living. The soft launches of our projects earlier this year have already generated inquiries from prospective buyers even throughout the MCO period. Unfortunately, due to the MCO, we had to re-organise the timing of the official launches and start of project construction. Moving forward, we envisage a higher cost of construction as we intend to comply with health and safety practices and requirements in light of the pandemic.

In the UK, we will be focused on the development of a lifestyle retirement home development in Rugby, UK which is in the final stages of planning enhancement and approval. We hope to launch the project by late 2020. We believe that the demand for such niche product catering to the ageing population remains strong as supply has not been able to meet demand. Our development will be equipped with modern features to meet prospective buyers’ present-day requirements. This niche product, we believe, would be even more relevant under the current environment as prospective buyers in our target market seek out opportunities to have standby health, safety and basic medical support as part of the development. If the launch of this project is a success, we may capitalise on our experience and consider pursuing further niche opportunities of a similar nature in both the UK and Malaysia.

CONCLUSION

We are proud of what we have achieved today after several years of building the Group and are pleased to have ended the financial year on a high note despite the challenging operating environment. Our Energy Services Division in particular has demonstrated satisfactory growth over the same period which we hope to sustain. FYE 2020 was indeed full of important lessons that will continue to be our guiding points in the years to come.

The Group paid an interim single tier dividend of 1.25 sen per share to shareholders on 29 May 2020 for FYE 2020.

The Board’s consideration to reward shareholders with dividends will continue to be guided by the Group’s operational needs and investment opportunities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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



This Corporate Governance Overview Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities and takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG"). This statement is supplemented with the Corporate Governance Report ("CG Report") which provides the details on how the Company has applied each Practice as prescribed in the MCCG during the financial year ended 31 March 2020. The CG Report is available on the Company's website at www.enra.my.

This Corporate Governance Overview Statement should also be read in conjunction with the other statements in the Annual Report, namely, the Statement on Risk Management and Internal Control, the Audit & Risk Management Committee Report and the Sustainability Report as the depth of certain CG practices may be better explained in the context of the respective statements.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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

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 business of the Group to the Executive Committee comprising the Executive Deputy Chairman, the President & Group Chief Executive Officer and the Executive Director. There is a formalised Limits of Authority which defines the applicable limits specifically reserved for the Board's approval and those delegated to the Executive Committee, the President & Group Chief Executive Officer, the Executive Directors and Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group. The Executive Directors remain accountable to the Board for the authority that is delegated to them for the performance of the Group.

The Board places great importance on sustainability and had taken the necessary steps to ensure high standards of governance across the Group's operations. This includes formalising guidelines, frameworks and processes relating to, amongst others, ENRA's capital allocation management and investment appraisal practices in managing future risks and opportunities as the Group continues to build a responsible and sustainable business. Further information on ENRA's sustainability agenda and initiatives for the year under review are disclosed in the Sustainability Report section of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

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 Company's corporate objectives. This demarcation complements and reinforces the supervisory role of the Board.

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. 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 smooth running of the businesses and implementation of strategies and policies.

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 Company and 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).

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 Charter which serves as a source of reference for new Directors, will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

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. A Code of Business Conduct which is applicable to employees within the Group was adopted and it governs the desired standards of behavior and ethical conduct expected from each individual to whom the Code applies.

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 Whistleblowing Policy is intended to directly support the Company and the Group's core values, Code of Business Conduct and other governance and compliance requirements and to encourage and enable employees, directors, shareholders or any parties with a business relationship with the Company to raise concerns regarding any illegal conduct or malpractice at the earliest opportunity without being subject to victimisation, harassment or discriminatory treatment and to have such concerns properly investigated within the Company and the Group prior to seeking resolution outside the Company. A disclosure of wrongdoing or improper conduct may be made orally or in writing (via such channels as a letter or electronic mail).

In addition, subsequent to the introduction of Corporate Liability Provision for bribery and corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Board had in May 2020 approved the adoption of the Anti-Corruption Policy & Procedure which sets out the policies and procedures towards compliance with the MACC Act. The Anti-Corruption Policy & Procedure will be reviewed periodically to assess its effectiveness, and in any event, at least once every three years.

The details of the Board Charter, Directors' Code of Ethics, Code of Business Conduct, Whistleblowing Policy and Anti-Corruption Policy & Procedure can be found on the Company's website (www.enra.my).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

The Directors have unrestricted access to all information pertaining to the Group's business and affairs to enable them to carry out their duties effectively and diligently. The Board also has unrestricted access to the service of the Company Secretaries who are qualified to act under Section 235(2) of the Companies Act 2016. The Company Secretaries provide advisory services to the Board in relation to corporate governance matters and compliance with the relevant policies and procedures.

II. Board 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. As at the date of this Statement, the Board consists of eight members comprising five Independent Non-Executive Directors and three Executive Directors (including the President & Group Chief Executive Officer) which meets the requirement of Practice 4.1 of the MCCG where at least half of the Board comprises Independent Directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them not only the industry knowledge but also a wide range of experience and expertise in areas such as finance, engineering, strategic planning, economics and project management. There is no individual Director or group of Directors who dominates the Board's decision-making. 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 Independent Non-Executive Directors apply objective and independent judgement to the decision-making process of the Board and provide the check and balance.

Accordingly, and taking into account of 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.

Nonetheless, the Board takes cognisance of the recommendation to have gender diversity on the Board. The Board through the BNRC is taking steps to ensure that women candidates are sought as part of its recruitment exercise when vacancies on the Board arise. The size and composition of the Board and its Board Committees will be reviewed annually to determine if the Board and the Board Committees have the right size and sufficient diversity that fit the Company's objectives and strategic goals.

III. Remuneration

The BNRC is responsible for recommending to the Board the appropriate remuneration of the 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 in determining the Executive Directors' remuneration, whereby the Executive Directors' remuneration is designed to link rewards to the Group's performance.

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. The Board adopts a remuneration policy for the Non-Executive Directors to provide clear and guiding principles for determining the remuneration of the Board and is reviewed by the BNRC annually.

Details of the remuneration of the Directors of the Company for the financial year ended 31 March 2020 are provided in the Practice 7.1 of the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Board has established an ARMC to provide robust and comprehensive oversight on the financial reporting matters as well as the external and internal audit processes. The ARMC comprises four members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is the Senior Independent Non-Executive Director who is not the Chairman of the Board.

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 ARMC has met with the external auditors without the presence of the Executive Directors and Management twice during the financial year ended 31 March 2020.

The ARMC is satisfied in its review that the provision of non-audit services by Messrs BDO PLT as external auditors to the Group for the financial year ended 31 March 2020 did not in any way impair their objectivity and independence as external auditors of the Company.

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 Messrs BDO PLT as external auditors for shareholders' approval at the 28th Annual General Meeting.

II. Risk Management and Internal Control 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 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 Statement on Risk Management and Internal Control as set out on pages 48 to 53 in this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

The Company has in its employment, an internal auditor ("Internal Auditor") who reports directly to the Chairman of the ARMC. The internal audit 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 and 47 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognises the importance of effective and timely communication with shareholders and the investors to ensure they make informed decisions. The Company keeps shareholders abreast of the financial performance and the future developments of the Group by way of the annual report, announcements of quarterly financial results and significant transactions made through Bursa Securities as well as press releases. The Company, through its internal Investor Relations representatives and active participation of its Management team, maintains regular two-way communication with the investment community, media and its financiers to keep them updated with the latest developments.

ENRA's website is regularly updated to provide information relevant to shareholders and other stakeholders. The website also has an email alerts service where shareholders and anyone who are interested may register to receive the latest news and announcements on the Group.

An Investor Relations/Stakeholder Communication Policy, which was approved by the Board in June 2020, is adopted by the Group to provide accurate and timely disclosure of corporate and other related information to enable informed and orderly decision-making by our stakeholders. The Investor Relations/Stakeholder Communication Policy is available on the Company's website (www.enra.my).

II. Conduct of General Meetings

The Annual General Meeting of the Company serves as the primary platform for two-way dialogue with shareholders.

At the 27th AGM of the Company held on 19 September 2019, all Directors of the Company were present at the meeting to engage with shareholders. The Company supports the principle of encouraging shareholders participation and ample time were allowed during the general meetings for questions to be raised to the Board. Members of the Senior Management, the auditors and relevant advisors were also present at the meetings to respond to questions from the shareholders and proxies. Further, in line with Practice 12.1 of the MCCG, the notice convening the 27th AGM was issued at least 28 days before the AGM date.

The Executive Directors met the press after the 27th AGM and provided the media an opportunity to receive an update on the proceedings at the meeting and addressed queries or areas of interest raised by the media.

In light of the COVID-19 outbreak and as part of the safety measures, the Company will convene its 28th AGM by leveraging on technology to enable remote shareholders' participation and online remote voting in Malaysia.

KEY FOCUS AREAS AND FUTURE PROSPECTS

The Board is committed to cultivating a responsible organisation and will regularly review and refine the Group's CG practices to maintain a sensible and solid framework for effective governance in the interest of the shareholders and stakeholders.

This CG Overview Statement was approved by the Board of Directors of ENRA on 27 July 2020.

SUSTAINABILITY REPORT



Our Vision Statement

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.



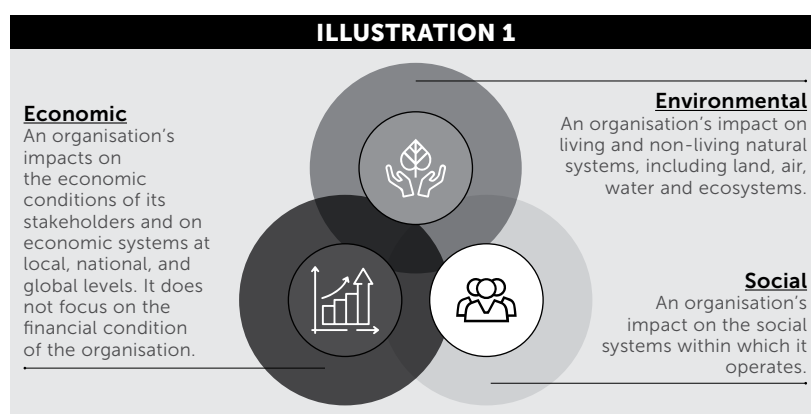
A. An Integral Aspect

Sustainability is embedded in our vision statement and is an integral aspect in conducting our business.

We strongly believe that to sustain growth and development, we must contribute to the betterment of our people, the community around us and the society as a whole. We are committed to continuously leverage on sustainability thinking for value creation.

A holistic approach to business management, incorporating economic, environmental and social considerations alongside financial considerations, will serve as a sound business model that supports business continuity and competitiveness.

The terms economics, environmental and social are explained in **ILLUSTRATION 1** below:



(Source: Adapted from the Global Reporting Initiative G4 Sustainability Reporting Guidelines)

B. Our Coverage

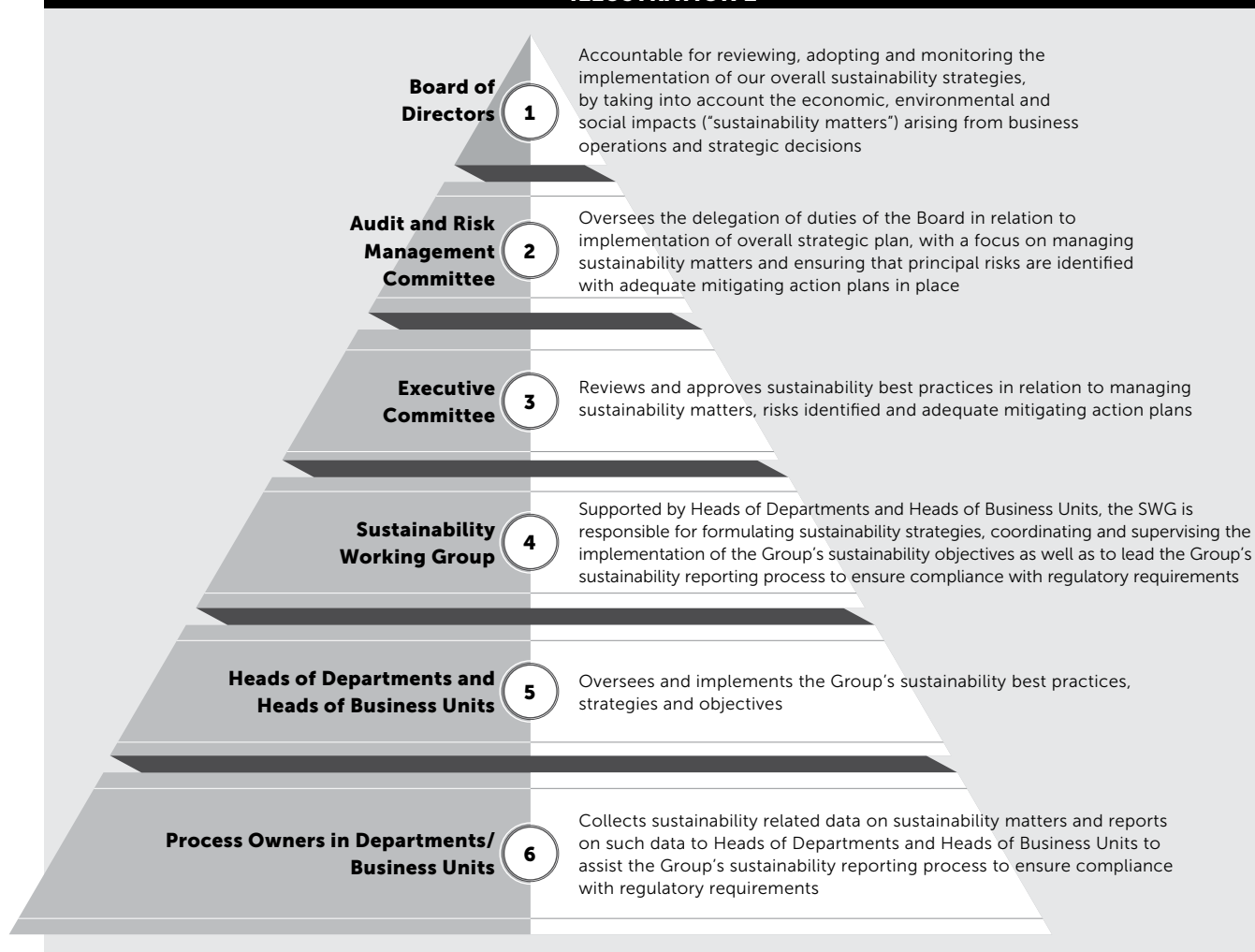
This Sustainability Report ("Report") covers our reporting period from 1 April 2019 to 31 March 2020, for our operations in Malaysia, Myanmar, Australia and the United Kingdom under our energy services and property development divisions based on their revenue contributions to the Group and the impact the Group has in respect of environmental, economic and social considerations.

C. Our Governance Structure

Considering the Group's culture, needs, business divisions, size, sustainability-related risks and opportunities, and maturity in responding to sustainability matters, our Board had in November 2017 approved our sustainability governance structure and the establishment of a Sustainability Working Group ("SWG"). to coordinate and supervise the implementation of our sustainability strategies and practices.

ILLUSTRATION 2 shows our sustainability governance structure:

ILLUSTRATION 2



The SWG as per ILLUSTRATION 3, is led by our Chief Financial Officer and supported by the Group's Heads of Departments and the respective Chief Executive Officers of our subsidiaries and jointly controlled companies.

ILLUSTRATION 3

Sustainability Working Group Structure



SUSTAINABILITY REPORT

C. Our Governance Structure (Cont'd)

In addition to the above, the Chief Executive Officers and Heads of Departments oversee and implement the Group's sustainability best practices, programs, strategies and objectives to continuously improve the Group's reputation as a socially, economically and environmentally responsible corporation. The process owners in the departments, subsidiaries and jointly controlled companies are responsible for the execution of the Group's sustainability best practices, programs, strategies and objectives and collect sustainability related data to the SWG to assist the Group's sustainability reporting process to ensure compliance with regulatory requirements.

D. Our Reporting Methodology

Our Report is prepared pursuant to and in accordance with the requirements of Bursa Malaysia Main Market Listing Requirements relating to Sustainability Reporting in Annual Reports and Bursa Securities' Sustainability Reporting Guide and Sustainability Toolkits.

This Report will outline how we have, through engagement with our stakeholders, identified and addressed material economic, environmental and social sustainability matters through our sustainability practices throughout our Group, for the reporting period.

E. Our Engagement with Stakeholders

Our SWG had assessed, identified and prioritised our stakeholders based on our current dependence on them and their influence on our Group's businesses. The SWG had identified the following key stakeholders in this current phase of our Group's growth and development:

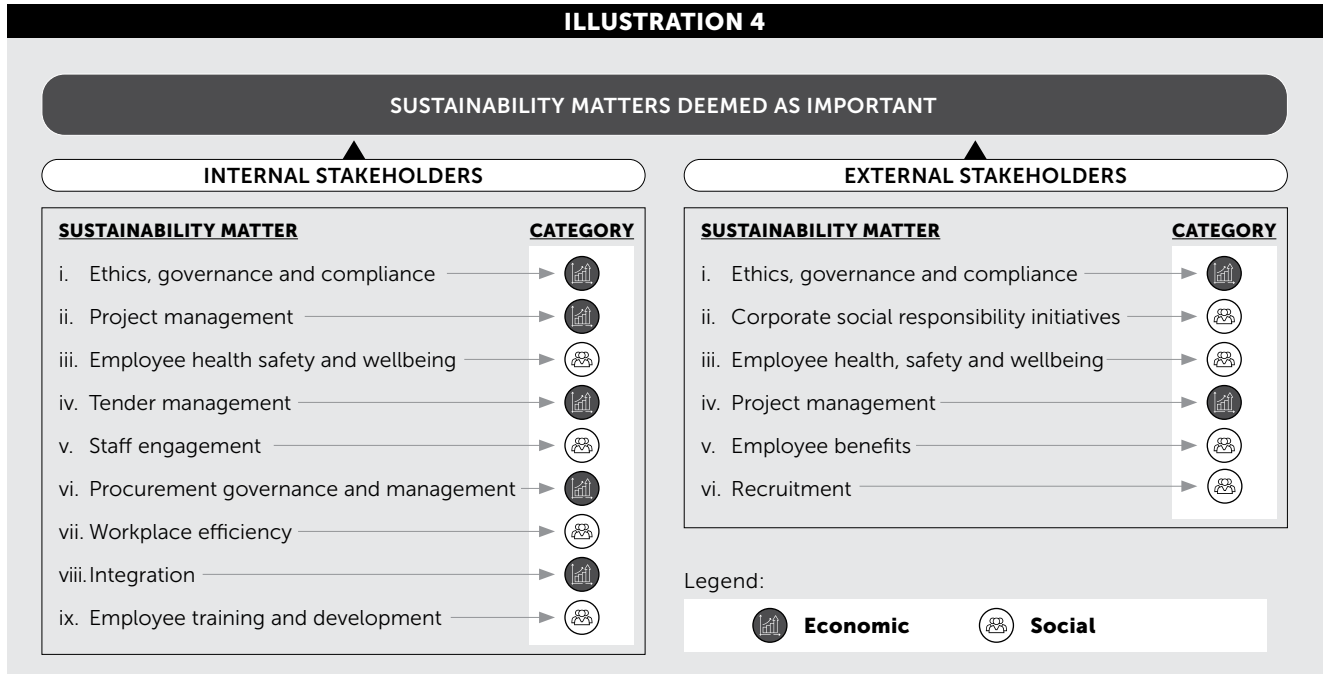
- i. Internal stakeholders
 - Our employees of all levels;
 - Our substantial shareholders;
 - Our joint venture partners (non-controlling interests).
- ii. External stakeholders
 - Major lenders;
 - Major principals/suppliers;
 - Major customers.

Surveys and robust interaction with our key stakeholders explained below provided our stakeholders with a platform to freely and openly voice their views, opinions and concerns on sustainability issues:

- i. 62% of our people of various ranks were selected to respond to the surveys. The SWG considered the 62% coverage to be quite a fair representation of our people of all level;
- ii. This year was the first time that we engaged with our joint venture partners (non-controlling interests). Major institutional shareholders, who we engaged with last financial year, were not included in this year's survey as we do not currently have institutional shareholders with substantial shareholdings (>5%).

E. Our Engagement with Stakeholders (Cont'd)

ILLUSTRATION 4 shows the results of such interactions with both our internal and external stakeholders:



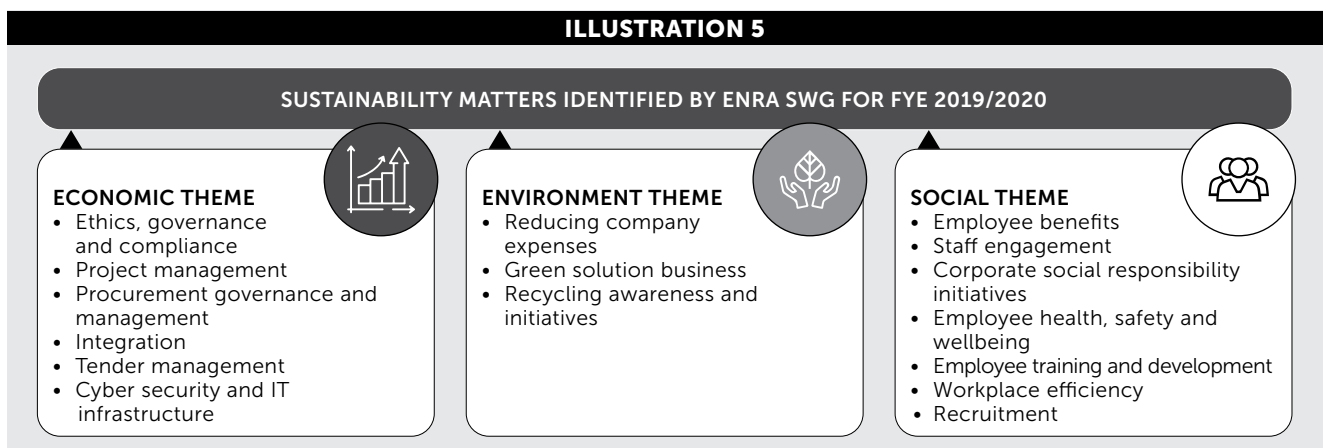
The results were analysed, tabulated and charted into a Materiality Matrix as part of our identification of material sustainability matters for the reporting period.

F. Our Material Sustainability Matters

Sustainability matters relevant to our Group and relating to economic, environmental and social issues were identified after our determination and analysis of:

- the nature of our businesses both current and planned;
- stakeholder engagement;
- internal documents;
- our risk register; and
- indicators in the Bursa Securities Sustainability Reporting Guide and the Global Reporting Initiative Sustainability Reporting Standards.

A total of 16 sustainability matters important to the Group's business were identified by the SWG during the financial year as set out in **ILLUSTRATION 5**:

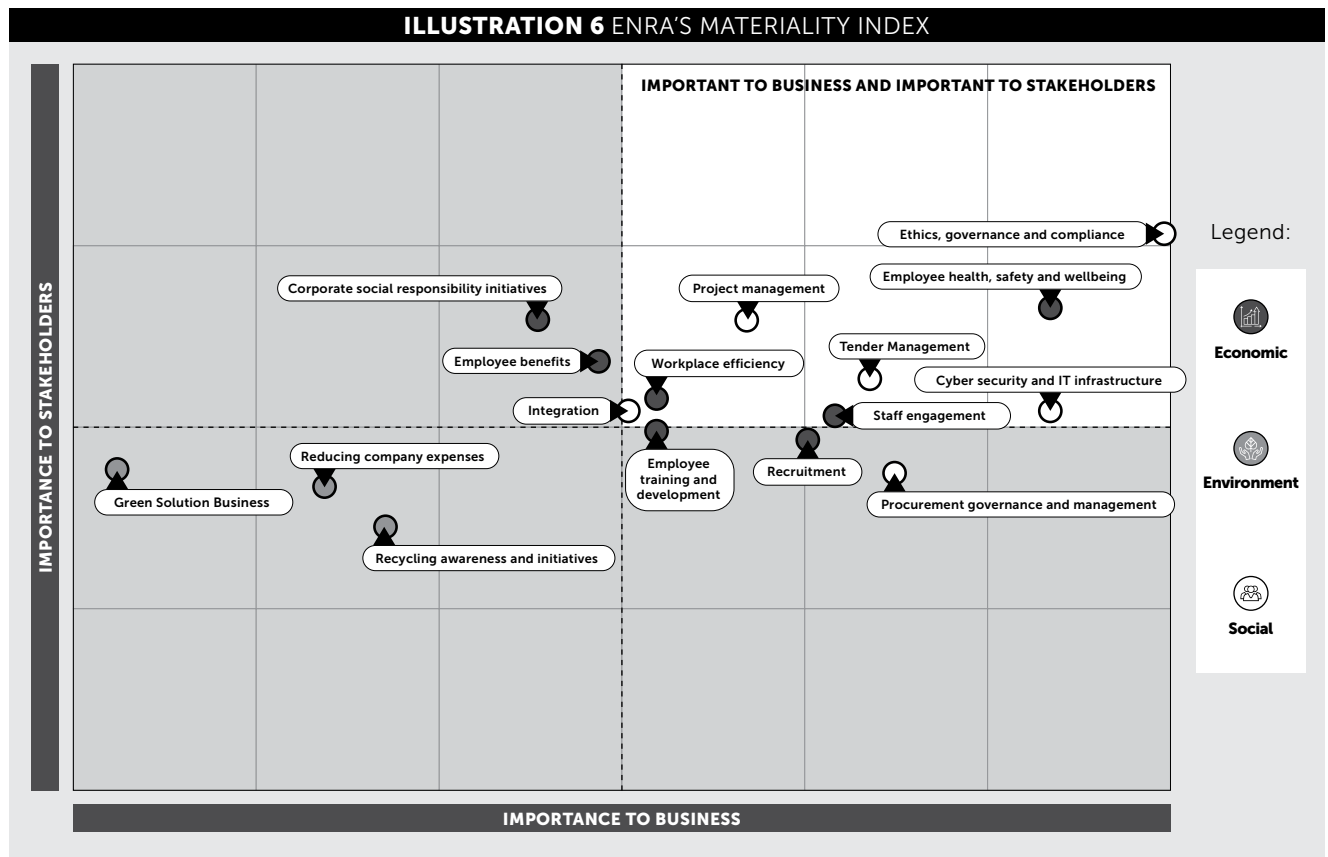


SUSTAINABILITY REPORT

F. Our Material Sustainability Matters (Cont'd)

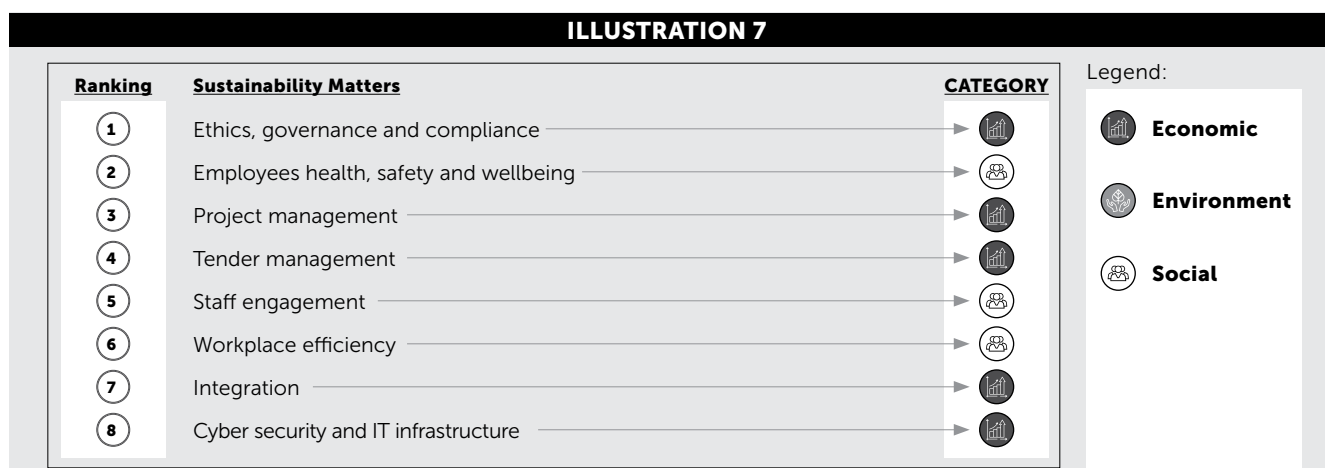
Materiality Matrix

Based on feedback from our stakeholders as shown in ILLUSTRATION 4 and sustainability matters identified by the SWG in ILLUSTRATION 5 as important to the Group's business, we prioritised sustainability matters as shown in ILLUSTRATION 6.

















The material sustainability matters which fall under the 'Most Important' quadrant in ILLUSTRATION 6 above for both our stakeholders and the Group's business are the ones addressed in this Report.

On the recommendation of our SWG, our Board agreed that focus be given to the following 8 material sustainability matters identified during the financial year (ranked below in order of importance) in ILLUSTRATION 7:



F. Our Material Sustainability Matters (Cont'd)

In comparison, as shown in **ILLUSTRATION 8**, material sustainability matters identified in the previous reporting period for 1 April 2018 to 31 March 2019 were as follows:

ILLUSTRATION 8			
Ranking	Sustainability Matters	CATEGORY	Legend:
①	Business development and expansion		 Economic
②	Employees health, safety and wellbeing		 Social
③	Ethics, governance and compliance		 Environment
④	Employment practices		 Social
⑤	Human capital development		 Social
⑥	Cyber security and IT infrastructure		 Environment
⑦	Waste management		 Social

The absence of certain material sustainability matters and themes in the current reporting period, for example business development and expansion, and those under environment theme, when compared to the previous reporting period does not mean that these matters were abandoned or neglected. These matters continue to be managed by the Group during our day-to-day operations.

Our management of these key sustainability drivers is explained in the subsequent sections of this Report.

G. Business Continuity Plan ("BCP") in light of Malaysian MCO

The Group's management set out to quickly prepare for the possibilities of the virus affecting our operations. Our Group Human Capital Department put together a contingency plan which was approved by our EXCO and implemented Group-wide on 27 February 2020, 2 weeks ahead of the Government's implementation of the MCO on 18 March 2020.

Under the BCP, employees are divided into 2 separate teams where one team works from the office while the other team works from home on a rotation basis. The objective is to minimise contact between employees especially those within the same department to ensure business and operational continuity. Front liners, namely our despatchers and drivers, were identified to act as the link between the team working from the office and the team working from home while observing certain standard operating procedures.

Our BCP also identified certain company processes that needed to be changed immediately to minimise close human contact and to accommodate those working from home while observing certain standard operating procedures:

- Online banking was extended to beyond payroll-related payments;
- Virtual meetings;
- Use of digital signatures.

A special allowance was introduced to all employees to support them in the purchase of COVID-19 necessities such as sanitisers, face masks, vitamins and wireless internet connectivity.

Payment of staff salaries, benefits, claims and allowances did not change in light of the economic and operational challenges posed by MCO and were paid per usual practice and without reductions or cutbacks.

Our Group Human Capital Department together with our Group IT Department and Group Quality, Health, Safety and Environment ("QHSE") Department also established new standard operating procedures in light of the COVID-19 pandemic and our BCP, including regularly sanitising all our offices, putting up posters and signage at the entrance and within the confines of the Group's offices on the importance of personal hygiene and social distancing procedures at workplace, instituting social distancing markers and procedures for any permitted visitors such as courier service providers to minimise the incidences of infection.

SUSTAINABILITY REPORT

G. Business Continuity Plan ("BCP") in light of Malaysian MCO (Cont'd)

Our IT infrastructure and support also played a crucial role in helping the various components of the Group to continue working together. Some of the measures taken were:

- i. Identification of additional / alternative communication tools.

During the planning stage for BCP implementation, Group IT identified suitable communication tools to supplement those already in place. Remote troubleshooting and remote access that were already part of our practise came in useful for our employees experiencing technical issues while working from home. These initiatives and tools came in very useful to help seamlessly transition our people from operating in the office to operating from home.

- ii. Virtual access to physical office.

With everyone working from home during the MCO, Group IT met the printing needs of our people and arranged for these to be sent to the rightful recipients by our front liners.

- iii. Virtual meeting rooms.

Our Group IT selected stable and reliable tools for these activities to ensure meetings and discussions can continue seamlessly. These virtual meeting rooms enabled our Group organise and conduct large scale meetings and trainings among our employees with much ease compared to organising these as physical meetings.

H. How we Manage our Material Sustainability Matters

1. Material Economic Sustainability Matters

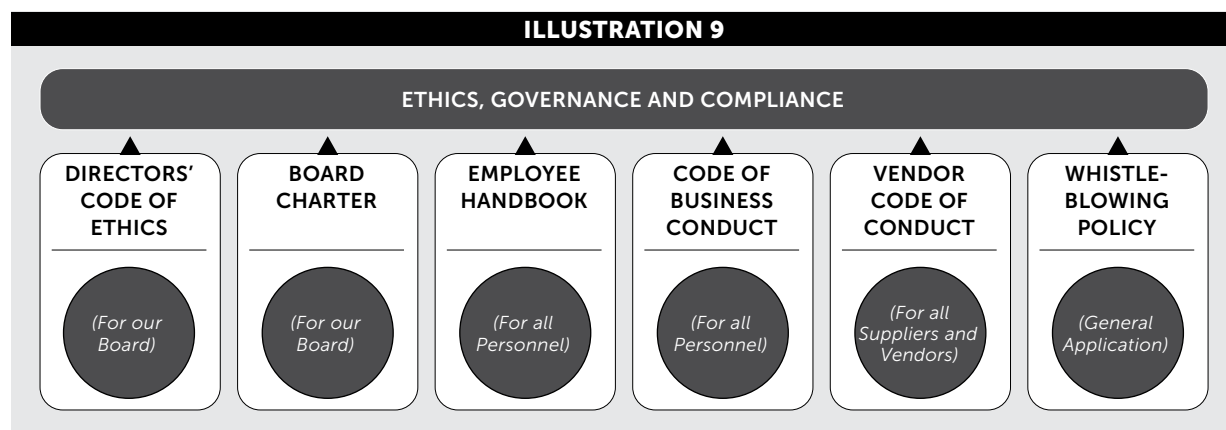
1.1 Ethics, governance and compliance

A sustainable business is one that is conducted in a meritocratic, transparent, legitimate and accessible manner without compromising its other corporate responsibilities to ensure its continued success and longevity.

Issues of ethics, governance and compliance regularly arise in business transactions and we are firmly committed to conduct our businesses with the highest level of integrity and in full compliance with applicable laws, rules and regulations.

Our Corporate Governance Overview Statement, Corporate Governance Report, Statement of Risk Management and Internal Control and Audit and Risk Management Committee Report contained in this Annual Report provide a fuller picture of the control environment and governance structure and culture within the Group.

We have various instruments, tools and enablers in place at our disposal to ensure that the Group and its stakeholders comply with the various laws, regulations and practices applicable to our businesses. The following guidance in **ILLUSTRATION 9** was implemented to ensure that we meet this objective:



H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.1 Ethics, governance and compliance (Cont'd)

As part of our sustainability practices, we ensure parties that we engage with including existing and potential employees, customers, vendors, suppliers, business partners and financiers comply with our standards of ethical practices and codes of conduct throughout our business relationship. We perform periodical review of their performance to ensure continuous compliance.

We also carry out an annual compliance review of our vendors to ensure that fair competition is upheld at all times when dealing with third parties and that we conduct our businesses ethically in line with our corporate values of Ethical, Noble, Reliable and Accountable. For this financial year, the annual compliance review was emailed to our vendors which saw a faster response time.

Likewise, we also welcome similar reviews, due diligence, and performance audits by all parties that we engage with.

Internally, our various internal policies and procedures ensure everyone within the Group comply with both regulatory and customers' requirements with a view to eliminate or reduce exposure to risks faced in our businesses:

i. **Directors' Code of Ethics and Board Charter**

By law, the business and affairs of every company must be managed by, or under the direction of its board of directors. Similarly, our Board has the overall responsibility for the corporate governance, strategic direction, risk management and internal controls, investor relations, management succession planning and business operations of our Group.

Our Directors' Code of Ethics and the Board Charter are the primary internal documents to assist existing and future Board members in the exercise of their fiduciary duties and to assess such performance collectively and individually.

During the financial year, none of the Directors were charged or convicted or fined or reprimanded for any offences (excluding traffic offences).

ii. **Employee Handbook**

Our Employee Handbook ("Handbook") explains matters pertaining to employment with the Group. The Handbook applies to all employees of the Group and enables employees to have a quick and easy reference to human capital policies, procedures and practices.

iii. **Code of Business Conduct**

All employees are required to familiarise themselves with the Group's Code of Business Conduct upon employment. It reinforces integrity as the Group's core value by providing guidance for moral and ethical behaviour that is expected from all employees. Every 6 months, all employees and our EXCO are to reaffirm their compliance with the Code by filling out a questionnaire. This process is managed by our Group Internal Auditor and provides a means by which we can document awareness of the said Code and check compliance with the Code and other policies including our Whistleblowing Policy. The feedback from the questionnaire is considered by the EXCO and further deliberated by the ARMC.

There were no reported irregularities or breaches for this reporting period under review.

SUSTAINABILITY REPORT

H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.1 Ethics, governance and compliance (Cont'd)

iv. Vendor Code of Conduct

Our Vendor Code of Conduct sets out standards of business practice that are generally applicable to all vendors engaged by the Group. As a prerequisite to be an appointed vendor of the Group and as part of our procurement processes, all vendors are required to acknowledge compliance with and acceptance of the Vendor Code of Conduct. By the acceptance of a purchase order, letter of award, contract or agreement or by performance of any obligation to and agreed by the Group, vendors are expected to commit and are deemed to have committed themselves to comply with the Code at all times.

The Group does not condone any unlawful or unethical practices by any of our vendors and will not extend any support or business opportunities to vendors that have negative reputations in the market. Non-compliant vendors will be blacklisted from future businesses with the Group.

v. Whistleblowing Policy

Our Whistleblowing Policy was established to provide appropriate communication and feedback procedures to enable employees and members of the public to report improper or unlawful conducts and ensure such incidences are handled in a transparent and confidential manner.

For the financial year, the Group did not receive any reports or complaint.

vi. Group Legal Compliance Programme and Related Party Transactions

In addition to the abovementioned internal policies, the Group has also established additional internal policies and procedures:

a. Group Legal's compliance programmes

As the function of our Group Legal Department was, in 2017, expanded to include general compliance, Group Legal organises various training sessions and disseminates regular digital legal alerts and bulletins to create and increase the Group's awareness of and to ensure appropriate steps are taken where there are, changes in laws, rules and regulations, with specific focus on compliance and good corporate governance.

Group Legal also undertakes annual compliance reviews on all of our key departments and subsidiaries to ensure practices and performance of their respective functions and the Group's operations are in compliance with all existing Group policies and procedures that will help to determine areas for improvement.

b. Related party transactions

In line with our corporate values and as a responsible corporate entity, we make sure that the rights of our minority shareholders and institutional investors are adequately protected and our actions are not detrimental to them.

All transactions with related parties during the reporting period under review are supported by definitive agreements with terms and conditions that are on arms' length basis and on usual commercial terms.

SUSTAINABILITY REPORT

H. How we Manage our Material Sustainability Matters (Cont'd)**1. Material Economic Sustainability Matters (Cont'd)****1.1 Ethics, governance and compliance (Cont'd)****vi. Other Policies and Procedures (Cont'd)****b. Related party transactions (Cont'd)**

Transactions with related parties may bring other benefits such as contracting efficiency because the related parties may have proven track records and are familiar friendly parties. There is also valuable market intelligence and knowledge transfer from related parties who are willing to give access to their relevant input and trade connections for the Group to capitalise for its sustainable growth. It can also spare the obstacles or delays that often occur in negotiating contracts with third parties that could be tough negotiators for similar good and services.

We closely observe the relevant rules and regulations pertaining to related parties transactions, namely those prescribed by the MMLR of Bursa Securities, the Companies Act 2016, the Malaysian Financial Reporting Standards 124:Related Parties and the Malaysian Transfer Pricing Rules and Guidelines.

Related party transactions entered into by the Group for this financial year and the previous financial year are set out in **ILLUSTRATION 10** below:

ILLUSTRATION 10		
Type of transaction	FYE 31 March 2020 RM'000	FYE 31 March 2019 RM'000
Routine operational transactions (ordinary course of business)	(10,451)	(882)
Purchase of Assets	(22,891)	-
Total	(33,342)	(882)

ILLUSTRATION 10 shows an increase in the value of related party transactions involving routine operational transactions which are justified by our business expansion in both the property and energy sectors as well as the purchase of assets which is in line with the Group's business solutions offered to clients.

vii. Anti-Corruption Policy & Procedure

In line with the amendments to the Malaysian Anti-Corruption Act 2009 ("the Act") and to ensure compliance with anti-corruption laws applicable to the Group's businesses, Group Legal have since conducted and/or arranged a series of seminars, dialogues and awareness sessions since FYE 2019. Key personnel were also sent for training externally to gain better insight of the new provisions in the Act and its various implications.

During FYE 31 March 2019, with approval from our Board, Group Legal was tasked with formulating an internal strategy to guide the Group, its employees and the parties it conducts business with to comply with the provisions of the Act and all other applicable anti-corruption laws.

SUSTAINABILITY REPORT

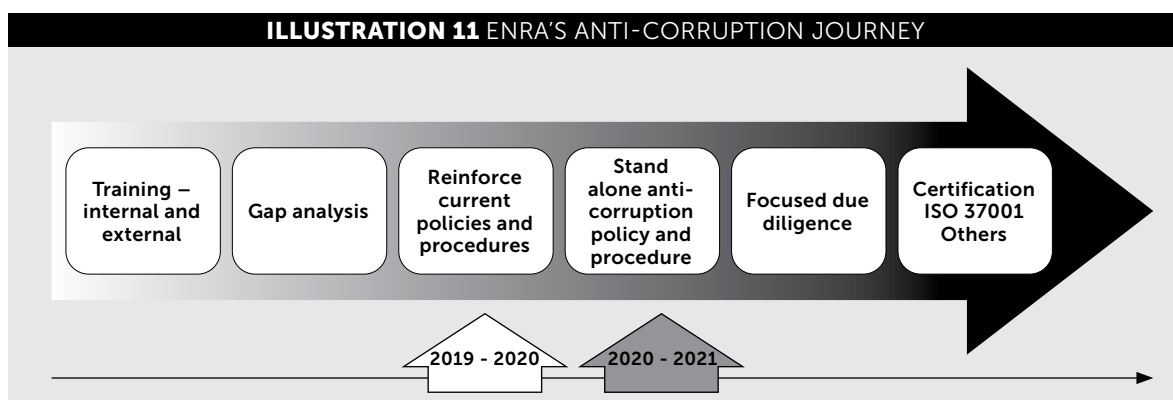
H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.1 Ethics, governance and compliance (Cont'd)

vii. Anti-Corruption Policy & Procedure (Cont'd)

The Group's anti-corruption strategy is set out in **ILLUSTRATION 11** below:



Effective 31 March 2020, at every 6-month intervals, all individuals within the Group must provide a written declaration that no corrupt act has been committed in the process of discharging their duties. Similar declarations have already been incorporated in our annual review of our vendors.

During the financial year under review, our Group Internal Auditor conducted a gap analysis study of our existing policies and procedures to identify gaps, if any, in compliance with applicable anti-corruption laws. The results of such gap analysis were presented to the Board on 19 August 2019 with the Board concluding that Group Legal lead the process of closing the gaps between our existing policies, procedures and practises against that of the UK Bribery Act 2010 which was selected as a base for comparison.

As a result of the gap analysis, a number of policies and procedures were revised and/or introduced during the financial year under review:

- a. Control of Document Procedure
- b. Group Cost Optimisation and Procurement Policy
- c. Internal Audit Charter Policy
- d. Group Legal policy and procedure
- e. Insurance policy and procedure

In addition to the above policies, we had during the financial year under review also improved and enhanced our internal forms and questionnaires:

- a. Employee Disclosure Form to disclose any conflicts of interest;
- b. Register of Conflicts of Interest Form to record declared conflicts of interest;
- c. Cash Advance Form
- d. Bidder Summary Form
- e. Purchased Approval Memo Form
- f. Requisition for Purchase of IT Software or Hardware Form
- g. Service Requisition Form (Revision 1)
- h. Customer Credit Application Form (CFAF) (Revision 1)
- i. Training Evaluation Form (Revision 1)
- j. Corporate Unit Reservation Form (Revision 1)

Group Legal has drafted a stand-alone Anti-Corruption Policy & Procedure applicable to all employees and those who have dealings with the Group. The Anti-Corruption Policy & Procedure has been approved by our Board and implemented Group wide with effect from 1 June 2020.

H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.2 Project Management

It is important for the Group to manage its projects efficiently from the point of inception right through planning, project implementation, completion and post completion analysis. Post completion analysis is a crucial activity to address lessons learnt and implement measures and practices for future projects.

The lessons learnt by the Group during the financial year under review:

- i. The need to analyse the thoroughness of our due diligence activities;
- ii. Project completion needs to be timely and within assigned budgets;
- iii. Contingency plans need to be set to mitigate any materially adverse effects of reasonably foreseeable events occurring which are beyond the control of the Group;
- iv. The project team must be sensitive to the changes to market conditions that require quick intervention or modification to the execution of projects or the need for an exit plan;
- v. Project progress must be properly monitored given cognisance to the directives of the Board and top management; and
- vi. The physical progress of each project must be properly monitored against financial progress; both need to be balanced.

The Group uses the following project management platforms to monitor the various projects we undertake:

i. **Monthly Financial Review Meeting ("MFR")**

MFR takes place once a month and attended by the head of each subsidiary and accompanied by the subsidiary's head of Finance, and officers to key projects undertaken by the subsidiary. Each company presents their performance results to our EXCO during which time a review of the financial performance of each subsidiary and top 5 achievements and areas for improvement are discussed.

Comparisons would be made between actual and budgeted numbers for the month, and year to date. Projections for the year versus the approved annual budget and plan to meet or exceed the budget would be examined and discussed.

ii. **Management Committee Meeting ("MCM")**

MCM comprises two sessions - operations and corporate.

MCM operations sessions discuss operational matters comprising the latest progress of ongoing projects, issues faced and interventions needed. Project teams are expected to circulate weekly and monthly project progress reports to be deliberated during this meeting.

MCM corporate sessions on the other hand, focus on business development strategies for various aspects of business targeted by the Group's subsidiaries including:

- a. Extension of existing contracts;
- b. Expansion of existing markets;
- c. Potential joint venture opportunities;
- d. Potential merger and acquisition opportunities; and
- e. Potential investments.

SUSTAINABILITY REPORT

H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.2 Project Management (Cont'd)

iii. EXCO

The EXCO meet at least once a month depending on the agenda and discuss strategies, operational and project management issues, and deliberate proposals presented that require EXCO's approval. Whilst such formal EXCO meetings have been in place since early March 2019, the EXCO regularly communicate and discuss Group matters amongst each other via other forums and channels.

iv. QHSE Review

All projects undertaken by the Group, are subject to periodic review by our QHSE Department. These reviews are crucial to ensure compliance with applicable rules, regulations and standards and all QHSE related issues are resolved promptly to avoid any delays in project completion.

1.3 Tender Management

The preparation and timely management of tender proposals to meet prospective client requirements whilst providing for the right price structure is important to the Group.

Although the Group does not have a standalone policy on tender management, the following processes and parameters have been put in place to ensure that the Group's order books remain healthy. They cover the general approach undertaken by the Group when bidding for job opportunities:

i. General process

- a. An asset light approach (i.e. involving minimal upfront cost) shall be applied where possible.
- b. Ensuring the opportunity is within the ambit of the management's expertise or that the opportunity is sufficiently managed by existing management/promoters (e.g. in situations where ongoing or operating business or company acquisitions are pursued).
- c. Preliminary desktop research and assessment on the industry involving the opportunity (case-by-case basis depending on type of project/business/industry/opportunity).
- d. If necessary, in a situation where the management has very basic knowledge of the industry, external advisors shall be consulted (e.g. industry experts, tax consultants, regulators etc.).
- e. Detailed financial projections shall be prepared with assistance from the Group Finance Department on financing, accounting and tax issues.

If the opportunity is considered viable, Group Commercial shall formally propose and seek EXCO's approval to pursue the opportunity further via the submission of a proposal paper for EXCO's approval or during an EXCO meeting after which the terms and conditions will be reviewed by Group Legal.

Subject to prospective client requirements and approvals, the involvement of potential business partners and the expertise, financial position and track records that they bring with them, are considered for such tenders in order to fully reap the benefits presented by the opportunity.

- ii. Assessment of prospective clients' reputation, ability and willingness to pay, track record, capabilities and connections are carried out as well as whether such companies have dealings with sanctioned countries as the Group has compliance obligations including to its business partners in respect of sanctioned countries.

H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.4 Integration

Since 2015, the Group has gone through a number of business integrations through the process of merger and acquisitions, joint ventures and collaborative efforts for certain projects undertaken by the Group.

For all integrations to date, save for systems and procedures specific to the business of newly acquired/established companies of the Group, the adoption of the Group's policies, procedures, systems (particularly governance, financial and reporting), is compulsory as part of a public listed group of companies. This includes reporting and attending the various meetings as mentioned above.

For employees/new employees of newly acquired/established companies of the Group, induction training is carried out. Integration with our newly acquired subsidiary, ICE in Australia took place immediately upon acquisition with regular visits from ENRA Kimia Sdn. Bhd.'s senior management. During the financial year under review, Group Legal provided training on several Group policies and procedures to ICE employees as part of the integration process to help employees understand and adapt to the Group's procedures and systems. The management team from ICE also came to Kuala Lumpur for a joint strategy meeting, as shown in **ILLUSTRATION 12**.

ILLUSTRATION 12



1.5 Cyber Security and IT Infrastructure

The Group's IT Department employing the IT infrastructure and the associated cyber securities measures put in place, have been crucial to ensuring uninterrupted and secure business interactions and operations of the Group.

Since the last financial year, we are pleased to report that our Group IT has set up an employees' portal to provide a one-stop location for employees to access company and employment information.

SUSTAINABILITY REPORT

H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.5 Cyber Security and IT Infrastructure (Cont'd)

i. IT Policy, Procedures and Practise

We have our IT Policy, IT Security Policy and Procedure as well as an IT manual to guide the Group on the proper use of our IT infrastructure and related assets and dealing with IT related security threats. Employees are also provided with details of the appropriate channel should they have any queries, concerns or wish to make a report on such security issues.

We adopt a practice of multiple interval-daily back up of our data. Users logged onto our network are restricted from accessing certain internet sites that are known to make us susceptible to internet scam, phishing and cyber security breaches or attacks. Security of our network is further enhanced by segregating our employees' and visitors' access to our wireless internet. Visitors' access require registration for effective monitoring.

All Group servers, databases, personal computers and laptop computers are protected using suitable and up-to-date virus protection applications and are password protected. Our servers are in a secure room and access is restricted and controlled to ensure protection of our data. Our hardware and software are upgraded or replaced every 3 years to keep pace with current technology to prevent system malfunction, crash or incompatibility. Relevant safe-guards that have been identified and put in place to ensure access to information is given only to authorised personnel. Our Group IT has also implemented a disaster recovery plan as a best practice effort to protect our IT infrastructure and data.

We are happy to report that there have been zero incidents of security breaches since 2015.

ii. IT infrastructure support across geographical boundaries

As the Group has offices and operations in various locations, they are connected to each other through the various systems within our IT infrastructure. Our systems resources, including establishment of shared folders for sharing project specific information, are centrally managed by our Group IT. This ensures standardisation and conformity which leads to efficiency.

Similarly, crucial data are centrally stored and managed with access accorded by Group IT only to the rightful users.

iii. Communication link with our vessel, the "Ratu ENRA"

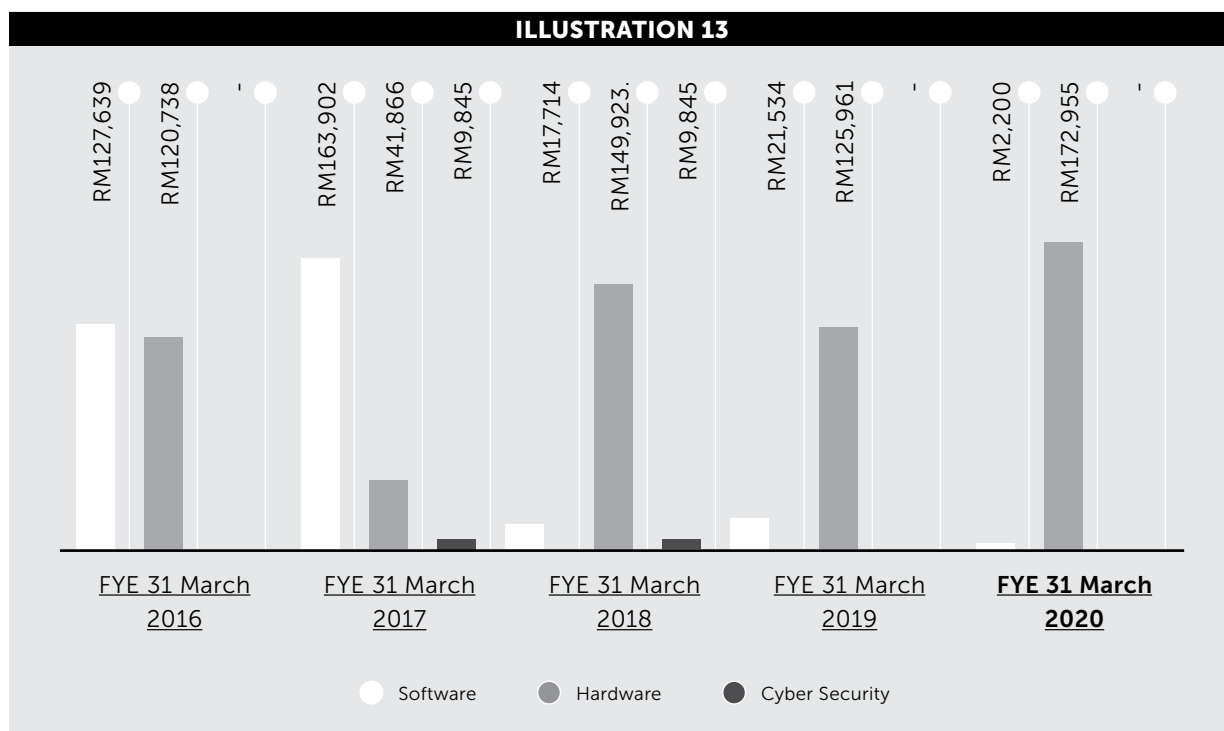
During the financial year under review, the Group acquired its maiden vessel, Ratu ENRA and Group IT was tasked with bringing up the IT infrastructure onboard the vessel to the required level needed of such an asset and for operations, including the necessary configurations to enable communications between the vessel and the management team onshore. The relevant IT infrastructures will be monitored and updated as and when to meet operational and regulatory requirements.

H. How we Manage our Material Sustainability Matters (Cont'd)

1. Material Economic Sustainability Matters (Cont'd)

1.5 Cyber Security and IT Infrastructure (Cont'd)

ILLUSTRATION 13 sets out the total expenditure on our IT infrastructure over the last 5 years:



Generally, the Group acquires its IT infrastructure (hardware, software, firewall, antivirus and licences) mostly under a leasing programs with a view to upgrading them at the end of each leasing term to ensure the performance of such components of our IT infrastructure are at its optimum level, efficient, productive and not suffering from obsolescence and machine fatigues/ageing. Besides, it is also a good cashflow management solution for ENRA.

2. Material Social Sustainability Matters

2.1 Employee health, safety and wellbeing

i. QHSE Activities

Our QHSE Department launched a QHSE campaign which commenced on 15 July 2019 and ended on 8 August 2019. The theme for the campaign was "Add Years to Life" which focused on increasing life expectancy. This campaign was held in conjunction with the Malaysian Department of Occupational Safety and Health program for Workplace Accident Free Week.

The objectives of the QHSE campaign were as follows:

- to integrate safety and health into the employees work culture and lifestyle;
- to increase the commitment of the employees towards safety and health at workplace; and
- to achieve greater participation of the employees in QHSE activities.

SUSTAINABILITY REPORT

H. How we Manage our Material Sustainability Matters (Cont'd)

2. Material Social Sustainability Matters (Cont'd)

2.1 Employee health, safety and wellbeing (Cont'd)

i. QHSE Activities (Cont'd)

Throughout the campaign period, our QHSE Department organised several activities including a safety talk on fire prevention by Jabatan Bomba dan Penyelamat, awareness training by Pertubuhan Keselamatan Sosial ("PERKESO"), a health talk on Non-Communicable Disease by Pejabat Kesihatan Kepong and a team building initiative for the Group involving various safety and health related activities and quizzes as shown in **ILLUSTRATION 14** below:

ILLUSTRATION 14



Our subsidiary, EKSB had separately on 21 April 2019 conducted a QHSE event to celebrate 80,000 manhours of No Lost Time Injuries within 3 years.

These QHSE activities not only instil positive health and safety values amongst the Group's employees but also strengthens the bonds between employees across functional boundaries and inter subsidiary boundaries.

ii. Masks for staff during severe haze

During the severe haze condition in Q3 of the financial year under review that befell the Klang Valley, our QHSE Department, working together with our Group Human Capital Department and Group CEO's office, issued N95 facial masks to employees based in our Klang Valley offices and our Kemaman, Terengganu warehouse and office, to ensure they were not badly affected by the haze.

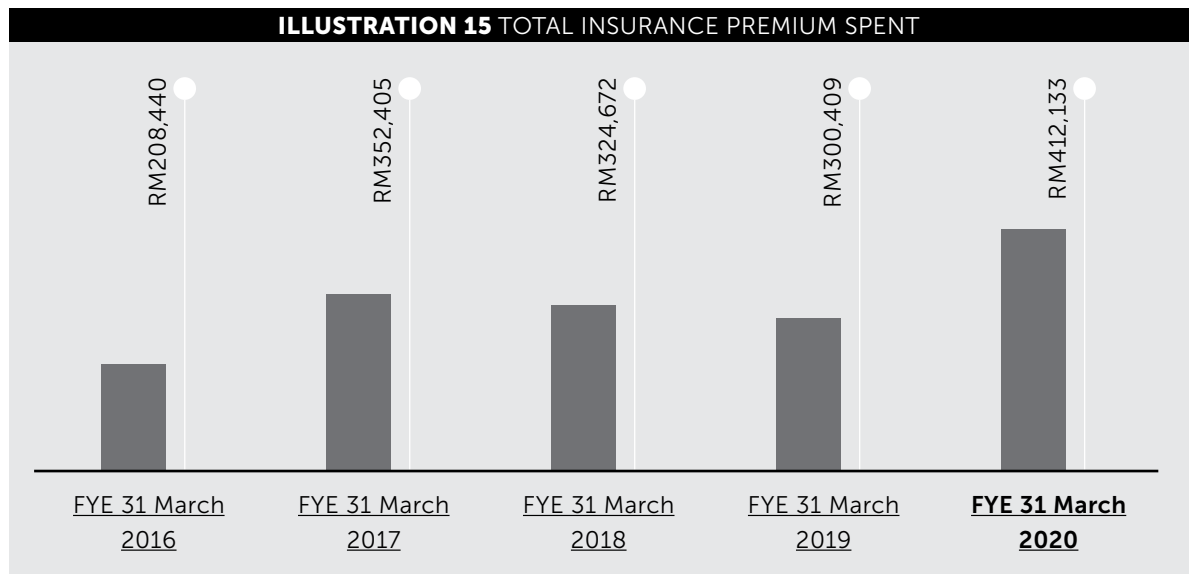
H. How we Manage our Material Sustainability Matters (Cont'd)

2. Material Social Sustainability Matters (Cont'd)

2.1 Employee health, safety and wellbeing (Cont'd)

iii. Staff Insurance

The Group takes up sufficient insurance coverage from reputable insurance companies as a protective measure against associated risks in our business operations, the costs of which are set out in **ILLUSTRATION 15**.



The changes in premium spent over the years are due to the changes in headcount, the change in the scope of coverage for Group Hospitalisation and Surgery; particularly on the coverage for family members of the staff. The premium for Group Term Life was increased during FYE 2020 and as a result of increase in headcount and claims. The Group will continue to review the insurance coverage and compare with the latest offerings in the market to find the best deal for ENRA and its staff.

iv. Sexual Harassment

In line with our plan to promote awareness of what is and what is not appropriate behaviour in the work place as endorsed and supported by our EXCO, we had in October 2019 organised a sexual harassment talk conducted by an external trainer, reaffirming the Group's zero-tolerance for harassment including sexual harassment.

v. After work activities

We have since FYE 31 March 2017, continued to subsidise a series of after-work sporting activities including gym memberships for our employees, and employee badminton and volleyball sessions. We hope to have more teambuilding sessions and after-work activities in the near future and will continue to support our employees in maintaining an active, healthy and balanced lifestyle.

vi. In-house Knowledge Sharing

With the pool of in-house talent and expertise within the Group, we encourage knowledge sharing amongst employees. During the financial year under review, we held 2 knowledge sharing sessions on presentation skills and time management that were conducted by employees from our Group Commercial Department. We hope to have similar sessions in the future particularly on topics focused on our core businesses.

vii. Employee training for FYE 2021

The Group Human Capital's focus for FY2021 training program will be on:

- Practical coaching/ mentoring skills.
- Effective communication at work.
- Training needs outlined in the respective staff's Performance Appraisal System form.

SUSTAINABILITY REPORT

H. How we Manage our Material Sustainability Matters (Cont'd)

2. Material Social Sustainability Matters (Cont'd)

2.2 Staff Engagement

Organisationally, the Group can be considered as having a rather flat structure where senior staff are easily accessible by junior staff.

The engagement process within the Group happens both formally and informally and with the advent of technology, such engagement can take place physically in the office or virtually, even across the geographical divide.

The Group's current formal engagement with employees is as follows:

i. Town Hall

A Town Hall session was held on 22 November 2019 where the EXCO addressed employees of the Group and explained the business focus of the Group. Employees were also given an opportunity to raise queries and concerns directly with the EXCO. For the year under review, our GHC also encouraged the staff to ask questions anonymously should they do not wish to ask in person.

ii. Team Building

Our subsidiary EKSB conducts team building exercises on a regular basis, sometimes a few times a year. During the fourth quarter of the financial year under review, EKSB conducted a team building event called the ENRA Kimia Mega Teambuilding involving 30 staff from its Kuala Lumpur and Kemaman offices as shown in **ILLUSTRATION 16**. The objective of this program was to maintain good team spirit among the staff, to reward the staff for their hard work and to make the staff feel appreciated and valued, so that they would develop a sense of belonging to the company.

ILLUSTRATION 16



iii. Induction

During these sessions, new employees (including those who joined via business combinations) are briefed on the contents of the Handbook and Group policies and procedures that they are required to adhere to.

During FYE 31 March 2020 successful induction sessions were conducted with ICE and with Q Homes Sdn. Bhd.

H. How we Manage our Material Sustainability Matters (Cont'd)

2. Material Social Sustainability Matters (Cont'd)

2.2 Staff Engagement (Cont'd)

iv. Group-wide email alerts

Group-wide email alerts have been fast and sure way of sending notices, memos, safety alerts and cautions across the Group. These include alerts from Group Legal on legal related matters including changes to applicable law and focused points of law, from Group IT particularly on virus intrusions, and services related alerts and from Group QHSE on general health, safety and environment matters. Our Group Human Capital Department as well as Group Finance send out Group wide notices to inform and raise the attention of all employees on human resources and finance related matters. These include introduction of new hiring, promotion, transfers, and other service-related matters and notice to project leaders for project related finances.

v. Informal staff engagement

A number of informal engagements were also held throughout the financial year under review, which included festive celebrations at the Group's various offices.

ILLUSTRATION 16



2.3 Workplace efficiency

A number of initiatives to enhance workplace efficiency have been established:

i. Cost Saving Initiatives

The Group's Cost Saving Initiatives have been an effective and popular cost savings tool instituted by the Group and encourages employees to work on achieving either cost avoidance or cost reductions or a combination of both, whilst meeting work deadlines and operational requirements. At the end of a predetermined period, a percentage of the savings earned by the Group is shared amongst employees as a reward for efforts carried out.

ii. Decentralisation of certain functions

In January 2020 and with the approval of EXCO, our procurement function was decentralised and active companies were allowed to now have a dedicated employee in charge of all procurement matters for such company, to cater for their specific procurement and operational needs.

The objectives of this decentralisation is to provide better operational and strategic support to individual subsidiaries, to manage the procurement process more efficiently and effectively with lower risk of bottleneck at our corporate headquarters, and to facilitate a faster procurement cycle for each company, where the head of the company can prioritise procurement items.

As a result of the decentralisation exercise, there is more focus on procurement specific to each company's needs and requirements and an increase in efficiency.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT



The Board of ENRA Group Berhad is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 March 2020.



COMPOSITION AND MEETING

As at the date of this report, the ARMC has four members, all of whom are Independent Non-Executive Directors. The composition of the ARMC complies with Paragraph 15.09(1) of the MMLR. Datuk Ali bin Abdul Kadir is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW), a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA). In this regard, the Company meets the requirement of Paragraph 15.09(c) of the MMLR where at least one member of the ARMC must be a qualified accountant. The other members of the Committee are financially literate by virtue of their wide business experience.

The ARMC held 5 meetings during the financial year ended 31 March 2020. The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification (at least seven days prior to the meeting). The President & Group Chief Executive Officer, the Executive Directors, the Group Chief Financial Officer and the Head of Internal Audit were also invited to attend and brief the members on specific issues. The external auditors, Messrs. BDO PLT 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
Tan Sri Dato' Seri Shamsul Azhar bin Abbas	<ul style="list-style-type: none"> Chairman Senior Independent Non-Executive Director 	5 out of 5
Datuk Ali bin Abdul Kadir	<ul style="list-style-type: none"> Member Independent Non-Executive Chairman 	5 out of 5
Datuk Anuar bin Ahmad	<ul style="list-style-type: none"> Member Independent Non-Executive Director 	5 out of 5
Dato' Wee Yiau Hin	<ul style="list-style-type: none"> Member Independent Non-Executive Director 	5 out of 5

The Board through its Board Nomination and Remuneration Committee, assessed the performance of the ARMC and its members through the annual performance evaluation exercise during the financial year under review. The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC, supporting the Board in ensuring the Group upholds appropriate corporate governance standards. The Terms of Reference of the ARMC are available on the Company's website at www.enra.my.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year, the key activities undertaken by the ARMC are set out below:

Financial Reporting

- a. Reviewed the quarterly financial results of the Company and the Group and the accompanying announcements and press releases before recommending for Board's approval.
- b. Reviewed the audited financial statements of ENRA 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 MFRS and the provision of the Companies Act 2016.

External Audit

- a. 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 on 27 May 2019 and 26 February 2020 without the presence of the Executive Directors and Management to discuss any matters the external auditors may wish to present.
- b. 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.
- c. Considered the audit fees payable to the external auditors against the size and complexity of the Group before recommending for Board's approval.
- d. 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 2020 are disclosed in the Additional Compliance Statement on page 54.
- e. Recommended to the Board for the re-appointment of the external auditors to be proposed for shareholders' approval at the Annual General Meeting.

Internal Audit

- a. Approved the Internal Audit Plan for financial year ending 31 March 2021.
- b. 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 without the presence of the Executive Directors and Management to ensure there were no restrictions on the scope of Internal Auditor's ("IA") audit and to discuss any matters the Head of Internal Audit may wish to present.
- c. 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.
- d. Reviewed and adopted the revised IA Charter to be in line with the latest requirements laid out by the Institute of Internal Auditors Malaysia.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

Risk Management

- a. 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.
- b. 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

- a. Received updates on Group IT's initiatives.
- b. Reviewed and approved the proposed Policy on Non-Audit Services by external auditors.
- c. Reviewed the related party transaction and recurrent related party transactions of revenue or trading nature entered into by the Group.
- d. Reviewed the Corporate Governance Statement, Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control and Sustainability Statement, pursuant to the MMLR of Bursa Securities and the MCCG 2017 and recommended the same to the Board for approval.
- e. Reviewed the half-yearly report on the status of compliance of the Group's Code of Business Conduct to ensure any non-compliance is properly investigated.
- f. 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.

INTERNAL AUDIT FUNCTION

At present, there is an in-house internal audit function. The internal audit function operates within the framework of the International Professional Practices Framework by the Institute of Internal Auditors as 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 assess the Group's Internal Control system according to the following five interrelated control elements:

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION (Cont'd)

The internal audit team which is headed by Mr. Melvinder Singh, who is a Chartered Member of the Institute of Internal Auditors Malaysia with more than 20 years of experience in internal auditing with the assistance of a 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 team prepared and presented an annual audit review schedule to the ARMC within the limit set by the ARMC for the financial year. This annual schedule outlines the governance, risk and controls of the key business processes of the Group's property development subsidiaries as well as oil and gas services subsidiaries activity. The ARMC 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.

In line with the approved annual review schedule by the ARMC, the internal audit team completed three routine audits, two study and progress reports, and two follow-up audits. The area of coverage is aligned with the Group's Risk Management assessment covering Finance, Human Resource, Operations, Procurement, Inventory, General IT, Sales, Marketing, Fraud Assessment and Project Management.

The costs incurred for the internal audit function in respect of the financial year ended 31 March 2020 amounted to RM317,000 (2019:RM388,335).

This ARMC report is made in accordance with the resolution of the Board of Directors duly passed on 27 July 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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.



The Bursa Securities' Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers) provides guidance for compliance with these requirements. The Malaysian Code on Corporate Governance 2017 issued by the Securities Commission Malaysia requires the Board of Directors to establish a sound risk management framework and internal control system. ENRA's 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 controls 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 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 ongoing process for identifying, evaluating, monitoring and managing the operating and financial controls affecting the achievement of its business objectives throughout the financial reporting period. The Internal Audit Department plays a role in this respect. The process is reviewed quarterly by the ARMC. The Board maintains ultimate responsibility over the Group's system of internal control and risk management process that it has delegated to the EXCO for implementation. The internal audit function is to provide reasonable assurance that the designed controls are in place and are operating as intended.

RISK MANAGEMENT

The Board reviewed the risk management processes in place within the Group with the assistance of the ERM and the Internal Audit Department.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The ERM Council 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 ERM Council, which is chaired by the President & Group Chief Executive Officer, and comprises the Executive Directors as members and the Head of Internal Audit as the risk coordinator. The ERM Council is entrusted with the terms of reference and the responsibility to identify and communicate to the Board the key risks the Group faces, their changes, and Management's actions and plans to manage such 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 ERM Council.
- The Enterprise Risk Management ("ERM") framework, which is defined as methods and processes used by an organisation to manage risks and seize opportunities related to the achievement of their objectives. The key feature of this framework is a risk governance structure comprising three lines of defence 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 level of defence and are accountable for all risks assumed under their respective areas of responsibility in line with the Risk Management policy and guidelines.

The RMUs with the oversight by the ERM Council provides the second line of defence. 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 to the ERM Council. The ERM Council provides direction and has an oversight role in the risk management process. At its scheduled quarterly meetings, the ERM Council appraises and assesses the efficiency of the controls and progress of actions plans taken to mitigate and monitor the risk management exposure of the Group. The ERM Council also monitors the progress and status of the risk management activities, as well as raises issues of concern for Management's attention.

The internal audit function provides the third line of defence. The function reports directly to the ERM Council 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 of the business units and supporting functions with regular communication between business units and the RMUs that in turn reports to the ERM Council. The current methodology is adopted from the elements of Risk Management ISO 31000 (2015). The level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risk parameter boundary set by the ERM Council and approved by the Board. The parameters define risks that are deemed to exceed or are close to exceeding the risk tolerance, and those which are not. There is an 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, political, sales and marketing and safety, health and environmental risk. The Group has relevant policies and guidelines on risk reporting and disclosure that cover those risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management of Significant Risks

The management of significant risks identified for the financial year ended 31 March 2020 are as follows:

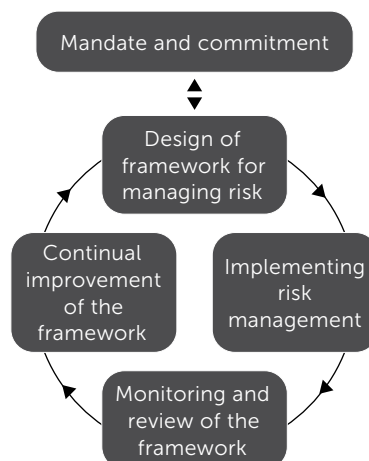
1. Strategic Management Risks in managing principals and customers. The sales team's current plan is to continue to increase knowledge and competency to add value to our services that will ensure dependency from both customer and principal. We focus on education, diversification, and transfer of knowledge to maintain and enhance the relationship in this ever challenging and changing environment.
2. Environmental Risk exist as we operate within both the oil & gas and property development industries/segments which are exposed to compliance risk of laws and regulations including those relating to health, safety, environment and compliance with the various certifications required for those 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 systems.
3. Project Completion Risk, as the Group has businesses both locally and overseas and is exposed to various risks relating to delay in procuring materials, project management risks, occupational health and safety risk, political risk, credit risk, foreign exchange risk, sub-contractor's financial management, payment issuance and communication barriers. The Group has embarked on a more stringent role in terms of monitoring projects both locally and overseas such as appointing key people as project managers and regular monitoring, liaising with Group Legal on the terms of contracts and reporting on project progress to the EXCO.
4. COVID-19 Pandemic Risk, which at the onset of the coronavirus (prior to the World Health Organization officially naming the virus Covid-19) outbreak in Wuhan, China, ENRA's Management had been monitoring it closely and the EXCO had approved the implementation of a BCP. The BCP was implemented on 27 February 2020, two weeks ahead of the Malaysian Government's MCO, which was introduced on 18 March 2020. Under the BCP, employees had team arrangements, where the workforce were divided into two teams. One team would work from home while the other would work at the office, alternating on a weekly basis. There was a WhatsApp chat group set up to update on the COVID-19 status both locally and globally. Meetings were still held via tele/video conferencing both internally with staff and externally with business partners and auditors. There were also regular personal temperature measurements for staff working at the office, handouts of hygiene packs such as hand sanitisers and masks for the staff, special allowances provided to the staff for internet and vitamin C purchases, and regular updates from the Group Human Capital and Quality, Health, Safety and Environment Management departments. In addition, digital signatures were used to enable online banking for business payments, staff salaries, benefits, claims and allowance to ensure that it was maintained and paid as scheduled.

RISK MANAGEMENT BASED ON ISO 31000

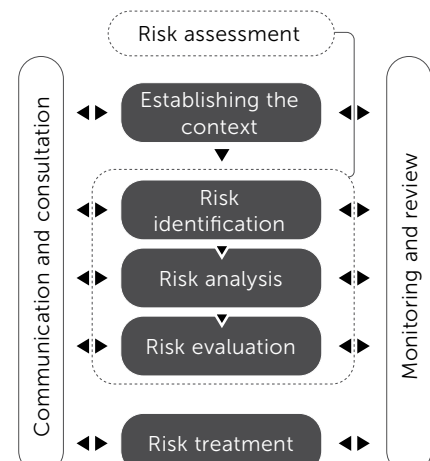
PRINCIPLES

- A. Creates and protects value
- B. Integral part of organisational processes
- C. Part of decision making
- D. Explicitly addresses uncertainty
- E. Systematic, structured and timely
- F. Based on the best available information
- G. Tailored
- H. Take human and cultural factors into account
- I. Transparent and inclusive
- J. Dynamic, interactive and responsive to change
- K. Facilitates continual improvement and enhancement of the organisation

FRAMEWORK



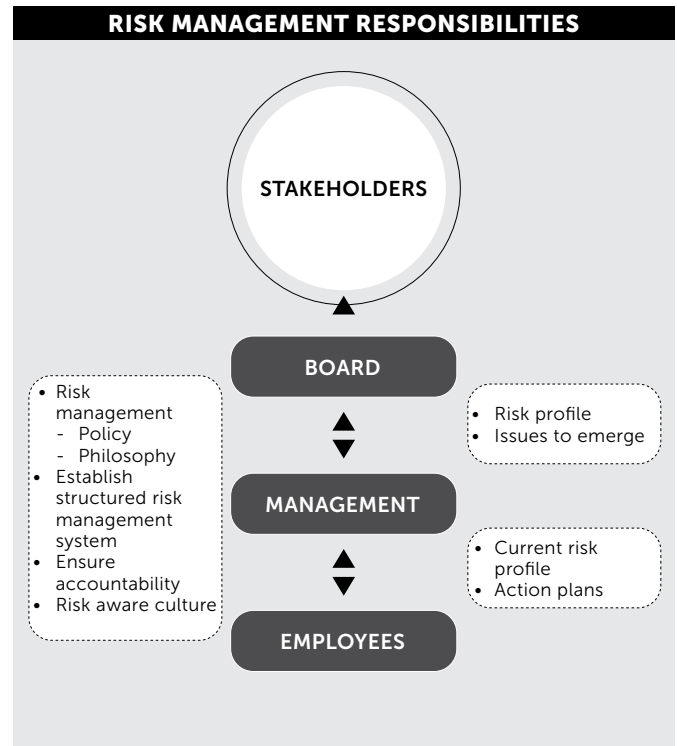
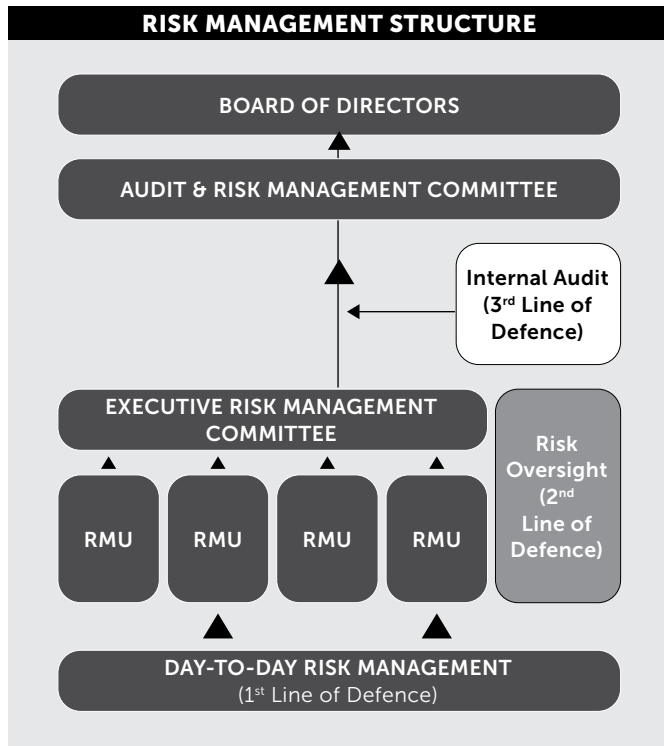
PROCESS



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT STRUCTURE

The Risk Management process is a collective responsibility which works by engaging every level of the organisation as risk owners of their immediate sphere of risks (as shown in the Risk Management Responsibilities diagram below). The Group aims to approach risk management from a top down and bottom up approach (holistically). This is managed through an oversight structure involving the Board, ARMC, Internal Audit, ERM and RMUs.



INTERNAL AUDIT FUNCTION

At present, there is an in-house internal audit function. The internal audit function operates within the framework of the International Professional Practices Framework by the Institute of Internal Auditors as 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
- Risk Assessment
- Control Activity
- Information & Communication
- Monitoring

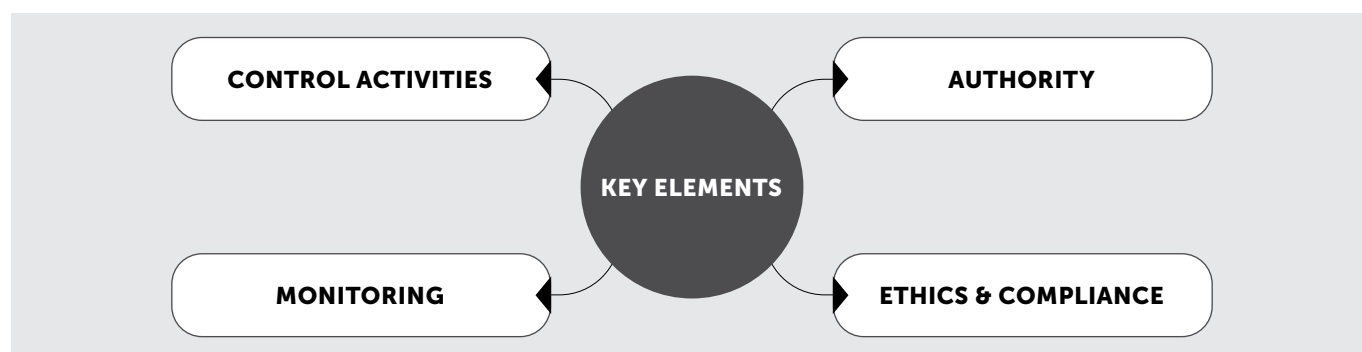
The internal audit team is headed by Mr. Melvinder Singh Harminder Singh, Vice President Group Internal Audit and Compliance, who is a Chartered Member of the Institute of Internal Auditors Malaysia with more than 20 years of experience in internal auditing. Mr. Melvinder and his team independently reviews 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 the Management. During the financial year ended 31 March 2020, the internal audit function prepared and presented an annual audit review schedule to the ARMC. This annual schedule outlines the key business processes of the Group's head office departments, property development subsidiaries as well as oil & gas services, engineering, construction and fabrication 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In line with the approved annual review schedule by the ARMC, the internal audit team completed three routine audits, two study and progress reports, and two follow-up audits. The area of coverage is aligned with the Group's Risk Management assessment covering Finance, Human Resource, Operations, Procurement, Inventory, General IT, Sales, Marketing, Fraud Assessment and Project Management.

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.
 - Formally documented internal policies, standards and procedures are in place and periodically updated to reflect and enhance operational efficiency. Cases of non-compliance with policies and procedures are reported to the ARMC.
 - Formally defined delegation of responsibilities to committees of the Board and to Management including organisation structures and appropriate authority levels.
- b. Strategies, business planning, budgeting and reporting fulfills the Monitoring role.
 - Bi-weekly comprehensive information provided to Management for monitoring through the Management Committee Meeting and monthly Management Financial Review meetings on performance against strategic plans covering all key financial, operational, oil & gas 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.

CODE OF BUSINESS ETHICS 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 behaviour that is expected from all employees in following applicable laws, policies, standards and procedures. Every six months or half yearly, the employees and EXCO of the Group confirm compliance via the Code of Business Conduct Questionnaire for disclosure of any irregularities or breach of the Code of Business Conduct. The feedback from the Code of Business Conduct Questionnaire is considered by the EXCO and further deliberated by the ARMC. There were no irregularities or breaches in this financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

GROUP VENDOR CODE OF CONDUCT

There is a Group Vendor Code of Conduct, which sets standards of business practice that generally applies to all vendors of the Group. The areas of coverage in the Vendor Code of Conduct are Professional Conduct and Business Ethics, Compliance with Laws, Rules and Regulations, Human Rights and Labour, Anti-Corruption/Anti Competition, Conflict of Interest, Health Safety and Environment, Confidentiality and maintenance of Documentations and Records. All vendors need to acknowledge the Vendor Code of Conduct. Acknowledgement of the Code is a pre-requisite in all of the Group's contracts for supply. Through the acceptance of a purchase order, letter of award, contract or agreement or performance of any obligation to and agreed by the Group, Vendors shall commit and are deemed to have committed themselves to complying with the Code.

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 and where applicable, members of the public, to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

ANTI-CORRUPTION POLICY & PROCEDURES

With the passing of the Malaysian Anti-Corruption Act (Amendment) Bill 2018 by the Malaysian Parliament on 4 April 2018, a new Section 17A was added to this Act which makes the corporate entity liable for the conduct of any person associated with the commercial organisation who corruptly gives, agree to give, promises or offers to any person gratification with the intent to secure business or an advantage for the commercial organisation. In line with the new Section, ENRA has taken steps to enhance the Adequate Measures, by formulating an Anti-Corruption Policy & Procedures which has been approved by the Board, a series of seminars and trainings (both external and internal), a gap analysis on the Standard Operating Policies & Procedures' and reinforcing them, dialogues, awareness through articles and quizzes, corruption risk management in its risk profiles, continuous training of staff on corruption prevention, and continuous monitoring and review by Group Internal Audit.

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 Audit and Assurance Practice Guide (AAPG 3), 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 2020, and reported to the Board that nothing has come to their attention that caused 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 said Guidelines, nor is the Statement of Risk Management and Internal Control 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 is 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 assurances from the Executive Directors, President & Group Chief Executive Officer and the Group'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 is 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 a resolution of the Board duly passed on 27 July 2020.

ADDITIONAL COMPLIANCE INFORMATION

As at 27 July 2020

UTILISATION OF PROCEEDS

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 March 2020.

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
<u>Statutory Audit Fees:</u>		
By the Company's auditors	123	53
By member firms of the Company's auditors	88	-
	211	53
<u>Non-Audit Fees:</u>		
By the Company's auditors	40	40
By affiliated company of the Company's auditors (tax related)	37	10
	77	50

The non-audit fees are for recurring permissible services comprises tax compliance fees, review of Statement of Risk Management and Internal Control and quarterly financial statement reviews.

MATERIAL CONTRACTS INVOLVING INTERESTS OF THE DIRECTORS OR MAJOR SHAREHOLDERS OF THE COMPANY

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

EMPLOYEES' SHARE SCHEME ("ESS")

The Company's ESS comprising an employees' share option scheme and an employees' share grant plan was approved by the shareholders at the Extraordinary General Meeting held on 9 February 2018. The ESS came into effect on 12 February 2018 and shall be in force for a period of five years, ending 11 February 2023. The ESS may be extended for such period, at the sole and absolute discretion of the Board, provided always that such extension of the ESS shall not in aggregate exceed a duration of ten years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other authorities from the effective date of the ESS.

As at 27 July 2020, no option or share grant has been awarded to any person pursuant to the ESS.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

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 as at the end of the financial year, and of the results, financial performance and cash flows of the Group and of 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 27 July 2020.

FINANCIAL SECTION

ENRA Group Berhad Annual Report 2020

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment, investment holding, management services activities and sale of completed properties.

The principal activities and details of the subsidiaries are disclosed in Note 7 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 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	4,481	5,489
Attributable to:		
Equity holders of the Company	2,480	5,489
Non-controlling interests	2,001	-
	4,481	5,489

DIVIDEND

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 financial year ended 31 March 2019 amounting to RM4.05 million. The dividend was paid on 17 May 2019.

On 29 April 2020, the Board of Directors has declared an interim single tier dividend of 1.25 sen per share in respect of financial year ended 31 March 2020 amounting to RM1.69 million which is recognised in financial year ending 31 March 2021. The dividend was paid on 29 May 2020.

The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 March 2020.

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.

DIRECTORS' REPORT

TREASURY SHARES

As at 31 March 2020, the Company held 1,289,400 treasury shares at a total cost of RM1,199,540.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Directors of the Company

Datuk Ali bin Abdul Kadir (Chairman)
 Tan Sri 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*
 Dato' Wee Yaw Hin @ Ong Yaw Hin*
 Loh Chen Yook

* 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)

Ami Akhram bin Abdullah
 Andrew Leslie Fooks
 Dr. Arvind a/l Hari Narayanan
 David Charles Field
 Faizul bin Zainol
 Koo Siew Ling
 Lau Lee Hoong
 Sin Wai Ling
 Rayburn Azhar bin Ali
 Zainun binti Yusof
 Amrish a/l Hari Narayanan
 Anthony Kan Ho Yin
 Christopher Johs Ulrik
 Dato' Jasmy bin Ismail
 Dato' Yau Kok Seng
 Tam Yet Shyan
 Abdul Ghofur Bin Abdul Fatah
 Mohd Saiful Bahri Bin Abdul Fatah
 Muhammad Saiful Haq Bin Abdul Fatah
 Dato' Idzham Mohd Hashim Bin Zahrain Mohd Hashim
 Ahmad Zaki bin Ahmad Zainuddin
 Dato' Sharifah Sofianny Binti Syed Hussain

In accordance with Clause 18.3 of the Company's Constitution, Datuk Ali bin Abdul Kadir, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Dato' Mazlin bin Md Junid retire from the Board of the Company at the forthcoming Annual General Meeting and, being eligible, offer themselves 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 2020 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:

	Number of ordinary shares			
	Balance as at 1.4.2019	Bought	Sold	Balance as at 31.3.2020

SHARES IN THE COMPANY

Direct interests

Datuk Ali bin Abdul Kadir	4,200,000	400,000	-	4,600,000
Tan Sri Dato' Kamaluddin bin Abdullah	15,357,629	-	-	15,357,629
Kok Kong Chin	3,000,000	-	-	3,000,000
Datuk Anuar bin Ahmad	1,000,000	-	-	1,000,000
Dato' Wee Yiau Hin @ Ong Yiau Hin	1,000,000	-	-	1,000,000
Loh Chen Yook	1,000,000	2,071,300	-	3,071,300

Indirect interests

Tan Sri Dato' Kamaluddin bin Abdullah	28,150,000	-	(2,788,000)	25,362,000
Dato' Mazlin bin Md Junid	16,362,000	-	(438,300)	15,923,700
Tan Sri Dato' Seri Shamsul Azhar bin Abbas	2,000,000	-	-	2,000,000

By virtue of his interests in the ordinary shares of the Company, Tan Sri Dato' Kamaluddin bin Abdullah is 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 ("the Act").

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 38 to 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 he or she is a member, or with a company in which he or she has a substantial financial interest except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 38 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 details of Directors' remuneration are disclosed in Note 38(c) to the financial statements.

DIRECTORS' REPORT

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnify coverage and insurance premium paid for the Directors and the officers of the Group and of the Company is RM19,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

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 have 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

- a. 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.
- b. 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 months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)

III. AS AT THE DATE OF THIS REPORT

- a. 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.
- b. There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- c. The Directors are not aware of any circumstances not otherwise dealt with in the report or the 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 are disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 43 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2020 are disclosed in Note 30 to the financial statements.

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

Dato' Mazlin bin Md Junid

Director

Kuala Lumpur
27 July 2020

Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Director

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 69 to 147 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Mazlin bin Md Junid

Director

Kuala Lumpur

27 July 2020

Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Director

STATUTORY DECLARATION

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

I, Ami Akhram bin Abdullah (CA 33924), 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 69 to 147 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
27 July 2020

Ami Akhram bin Abdullah

Before me,

ABDUL SHUKOR MD NOOR

Commissioner of Oaths

Malaysia

No. W725

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 the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss, statement of 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 69 to 147.

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 at 31 March 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with MFRSs, IFRSs 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 ("ISAs"). 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment assessment of the carrying amount of goodwill

As at 31 March 2020, goodwill on consolidation were RM12.94 million as disclosed in Note 10 to the financial statements.

Management used a value in use model to compute the present value of forecasted future cash flows for the cash generating unit ("CGU") to determine if there is any impairment loss required on the carrying amount of goodwill.

We determined this to be a key audit matter as impairment assessment of the carrying amount of goodwill involved significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the CGU in determining its recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate.

INDEPENDENT AUDITORS' REPORT

To the Members of ENRA Group Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

1. Impairment assessment of the carrying amount of goodwill (Cont'd)

Audit response

Our audit procedures included the following:

- a. compared cash flow projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cashflow forecast and projections by comparing to actual historical growth rates;
- b. compared prior period budgets and forecasts to current period's actual results to assess the historical accuracy of the forecasts;
- c. assessed the suitability of the pre-tax discount rate used by the CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- d. performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

2. Impairment of trade receivables

As at 31 March 2020, gross trade receivables of the Group were RM57.42 million as disclosed in Note 13 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and estimated cash flows recoverable in worst-case scenarios.

Audit response

Our audit procedures included the following:

- a. Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- b. Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group;
- c. Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- d. Challenged management on the basis for determining cash flows recoverable in worst-case scenarios.

INDEPENDENT AUDITORS' REPORT

To the Members of ENRA Group Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

3. Impairment assessment of inventories

As at 31 March 2020, inventories of the Group and Company were RM49.48 million and RM4.56 million respectively, as disclosed in Note 12 to the financial statements.

We determined this as a key audit matter because of the judgement made by the Directors in determining an appropriate inventory valuation which involved predicting the amount of future demand from customers. Besides that, judgements are also required to identify slow moving and obsolete inventories which need to be written down to their net realisable value.

Audit response

Our audit procedures included the following:

- a. assessed the unsold units based on enquiries with management including corroborative enquiries with the key management personnel on the plans to address slow moving inventories;
- b. for those unsold completed units which have recent sale transactions, we tested the carrying amount of these unsold completed units, by comparing to the recent selling prices for similar units stated in the signed sale and purchase agreements, net of discounts given; and
- c. for those unsold completed units which did not have recent sale transactions, we obtained the recent transacted prices of comparable development units in similar or nearby locations, and adjusted for the size of the units.

4. Impairment assessment of the carrying amounts of costs of investments in subsidiaries

As at 31 March 2020, costs of investments in subsidiaries of the Company were RM79.48 million as disclosed in Note 7 to the financial statements.

Management used a value in use model to compute the present value of forecasted future cash flows for the subsidiaries to determine if there is any impairment loss required on the costs of investments in subsidiaries.

We determined this to be a key audit matter because the determination of whether or not an impairment loss is necessary involved significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining their recoverable amounts. These key assumptions include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- a. compared cash flow projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cashflow forecast and projections by comparing to actual growth rates;
- b. compared prior period budgets and forecasts to current period's actual results to assess the historical accuracy of the forecasts;
- c. assessed the suitability of the pre-tax discount rate used by each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factor; and
- d. performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

INDEPENDENT AUDITORS' REPORT

To the Members of ENRA Group Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

5. Impairment assessment of the carrying amounts of amounts due from subsidiaries

As at 31 March 2020, amounts due from subsidiaries of the Company amounted to RM40.87 million as disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios.

Audit response

Our audit procedures included the following:

- a. recomputed probability of default using historical data and forward looking adjustment applied by the Company;
- b. assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- c. challenged management on the basis for determining cash flows recoverable in worst case scenarios, where applicable; and
- d. assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of ENRA Group Berhad
(Incorporated in Malaysia)

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 MFRSs, IFRSs 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 ability of the Group and the Company 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.

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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. 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.
- b. 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 internal control of the Group and of the Company.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d. 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 ability of the Group or of the Company 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.
- e. 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.

INDEPENDENT AUDITORS' REPORT

To the Members of ENRA Group Berhad
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- f. 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.

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 7 to the financial statements.

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 PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
27 July 2020

Lee Wee Hoong

03316/07/2021 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

ASSETS

Non-current assets

Property, plant and equipment	4	87,085	4,958	416	491
Right-of-use assets	5	12,579	94,642	325	908
Investment in a joint venture	6	-	-	-	-
Investments in subsidiaries	7	-	-	79,481	68,211
Investment in an associate	8	-	17	-	-
Intangible assets	9	16,937	17,206	-	-
Deferred tax assets	11	225	76	-	-
		116,826	116,899	80,222	69,610

Current assets

Inventories	12	49,476	83,270	4,560	7,616
Trade and other receivables	13	73,396	33,881	46,491	61,352
Derivative assets	15	225	512	188	512
Current tax assets		602	842	378	617
Cash and bank balances and short term funds	16	53,613	29,965	30,298	15,091
		177,312	148,470	81,915	85,188
Assets held for sales	17	-	-	-	-
TOTAL ASSETS		294,138	265,369	162,137	154,798

EQUITY AND LIABILITIES

Equity attributable to equity holders of the Company

Share capital	18	144,744	144,744	144,744	144,744
Redeemable convertible preference shares equity	19	2,886	2,886	-	-
Treasury shares	20	(1,199)	(1,199)	(1,199)	(1,199)
Non-distributable reserves	21	371	328	-	-
(Accumulated losses)/Retained earnings		(24,977)	(23,684)	3,206	1,765
		121,825	123,075	146,751	145,310
Non-controlling interests		2,440	(2,199)	-	-
TOTAL EQUITY		124,265	120,876	146,751	145,310

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES (Cont'd)					
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	11	727	283	-	-
Trade and other payables	22	10,788	2,613	-	-
Borrowings	23	33,018	-	-	-
Lease liabilities	5	2,722	59,426	46	493
Redeemable convertible preference shares	19	6,006	5,580	-	-
		53,261	67,902	46	493
Current liabilities					
Trade and other payables	22	45,819	31,776	6,058	5,516
Borrowings	23	69,124	15,927	9,000	3,000
Lease liabilities	5	1,074	27,899	282	479
Current tax liabilities		595	989	-	-
		116,612	76,591	15,340	8,995
Liabilities held for sale	17	-	-	-	-
TOTAL LIABILITIES		169,873	144,493	15,386	9,488
TOTAL EQUITY AND LIABILITIES		294,138	265,369	162,137	154,798

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 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations					
Revenue	27	226,646	164,706	3,535	2,891
Cost of sales	28	(182,719)	(132,136)	(3,186)	(2,633)
Gross profit		43,927	32,570	349	258
Other income		4,304	4,437	17,020	41,456
Administrative expenses		(34,014)	(54,146)	(11,277)	(14,062)
Other expenses		(1,859)	(867)	(245)	(143)
Lease interest expense		(2,303)	(3,659)	(27)	(66)
Finance costs	29	(1,676)	(1,621)	(331)	(467)
Share of results of an associate, net of tax		(17)	2	-	-
Profit/(Loss) before tax	30	8,362	(23,284)	5,489	26,976
Tax expense	31	(3,881)	(3,033)	-	-
Profit/(Loss) for the financial year from continuing operations		4,481	(26,317)	5,489	26,976
Discontinued operations					
Profit/(Loss) for the financial year from discontinued operations, net of tax	32	-	(479)	-	(468)
Profit/(Loss) for the financial year		4,481	(26,796)	5,489	26,508
Other comprehensive income/(loss):					
Foreign currency translations, net of tax		343	(48)	-	-
Total comprehensive income/(loss)		4,824	(26,844)	5,489	26,508
Profit/(Loss) attributable to:					
Equity holders of the Company		2,480	(24,613)	5,489	26,508
Non-controlling interests		2,001	(2,183)	-	-
		4,481	(26,796)	5,489	26,508
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		2,798	(24,652)	5,489	26,508
Non-controlling interests		2,026	(2,192)	-	-
		4,824	(26,844)	5,489	26,508
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic and diluted	33				
Profit/(Loss) from continuing operations		1.84	(17.89)		
Loss from discontinued operations		-	(0.36)		
Profit/(Loss) for the financial year		1.84	(18.25)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020

	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	Redeemable convertible preference shares RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings/ (Accumulated losses) RM'000				
Group										
Balance 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 year	-	-	-	-	-	2,480		2,480	2,001	4,481
Other comprehensive loss, net of tax	-	-	(275)	318	-	275		318	25	343
Total comprehensive income	-	-	(275)	318	-	2,755		2,798	2,026	4,824
Transactions with owners										
Dividends to equity holders of the Company	-	-	-	-	-	(4,048)		(4,048)	-	(4,048)
Dividends to non-controlling interests	-	-	-	-	-	-		-	(1,560)	(1,560)
Issue of shares by subsidiaries to a non-controlling interests	-	-	-	-	-	-		-	116	116
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-		-	(31)	(31)
Additional capital contribution from non-controlling interests	-	-	-	-	-	-		-	4,088	4,088
Total transactions with owners	-	-	-	-	-	(4,048)		(4,048)	2,613	(1,435)
Balance as at 31 March 2020	144,744	2,886	-	371	(1,199)	(24,977)		121,825	2,440	124,265
Balance as at 31 March 2018	144,744	409	275	92	(1,199)	7,000		151,321	13,724	165,045
Loss for the financial year	-	-	-	-	-	(24,613)		(24,613)	(2,183)	(26,796)
Other comprehensive loss, net of tax	-	-	-	(39)	-	-		(39)	(9)	(48)
Total comprehensive income	-	-	-	(39)	-	(24,613)		(24,652)	(2,192)	(26,844)
Transactions with owners										
Dividends to equity holders of the Company	-	-	-	-	-	(6,071)		(6,071)	-	(6,071)
Dividends to non-controlling interests	-	-	-	-	-	-		-	(11,577)	(11,577)
Disposal of subsidiary	-	-	-	-	-	-		-	(2,707)	(2,707)
Issue of shares by subsidiaries to a non-controlling interests	-	-	-	-	-	-		-	553	553
Issuance of redeemable convertible preference shares	-	2,477	-	-	-	-		2,477	-	2,477
Total transactions with owners	-	2,477	-	-	-	(6,071)		(3,594)	(13,731)	(17,325)
Balance as at 31 March 2019	144,744	2,886	275	53	(1,199)	(23,684)		123,075	(2,199)	120,876

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

STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020

	← Non-distributable →		Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	(Accumulated losses)/ Retained earnings RM'000	
Company				
Balance as at 1 April 2018	144,744	(1,199)	(18,672)	124,873
Profit for the financial year	-	-	26,508	26,508
Dividends to equity holders of the Company	-	-	(6,071)	(6,071)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	20,437	20,437
Balance as at 31 March 2019	144,744	(1,199)	1,765	145,310
Profit for the financial year	-	-	5,489	5,489
Dividends to equity holders of the Company	-	-	(4,048)	(4,048)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	1,441	1,441
Balance as at 31 March 2020	144,744	(1,199)	3,206	146,751

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

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax from:					
Continuing operations		8,362	(23,284)	5,489	26,976
Discontinued operations	32	-	(479)	-	(468)
Adjustments for:					
Impairment loss on trade receivables	13(i)	2	16,608	-	-
Impairment loss on associate company	13(j)	2,241	-	-	-
Reversal of impairment loss on trade receivables	13(i)	(346)	-	-	-
Inventories written down	12(e)	-	9,276	-	-
Depreciation of property, plant and equipment	4	855	807	97	170
Amortisation of right-of-use assets	5	22,923	26,742	325	501
Amortisation of intangible assets	9	275	193	-	-
Remeasurement of right-of-use assets		-	-	18	-
Right-of-use assets transfer to subsidiaries		-	-	236	-
Fair value loss/(gain) on derivatives	15	287	(401)	324	(401)
Loss/(Gain) on disposal of subsidiaries		-	338	-	(134)
(Gain)/Loss on disposal of property, plant and equipment		(62)	49	-	-
Gain on disposal of lease assets		(2,496)	-	-	-
Gain on dilution of non-controlling interest in subsidiaries		(10)	-	-	-
Unrealised loss on foreign exchange		360	657	234	262
Fair value changes on contingent consideration		(119)	-	-	-
Share of results of an associate, net of tax		17	(16)	-	-
Unwinding of discount (RCPS)	19	426	316	-	-
Dividend income		-	-	(10,800)	(34,366)
Lease interest expense	5	2,303	3,659	26	66
Interest expense		1,250	1,698	331	860
Interest income		(1,175)	(914)	(2,703)	(3,888)
Operating profit/(loss) before changes in working capital		35,093	35,249	(6,423)	(10,422)

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

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Increase in contract assets	14	-	5,977	-	-
Decrease/(Increase) in inventories		36,359	(15,003)	3,056	(7,616)
Decrease/(Increase) in trade and other receivables		(41,005)	5,239	(2,838)	(4,941)
Increase/(Decrease) in trade and other payables		24,854	(13,509)	(331)	(11,589)
Cash generated from/(used in) operations		55,301	17,953	(6,536)	(34,568)
Tax paid		(4,178)	(3,399)	(109)	(271)
Tax refunded		442	-	348	-
Net cash from/(used in) operating activities		51,565	14,554	(6,297)	(34,839)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,175	914	2,703	3,888
(Placement)/Uplift of fixed deposits pledged		(3,710)	(648)	(2,100)	1,799
Proceeds from disposal of property, plant and equipment		167	261	-	-
Net (outflows)/inflows on disposal of subsidiaries		-	(2,311)	-	5,734
Acquisition of:					
- right-of-use assets		(324)	(9,149)	-	-
- subsidiaries, net of cash		(98)	(3,923)	-	-
- property, plant and equipment	4(d)	(34,919)	(1,207)	(22)	(6)
Proceeds from disposal of investment properties		-	85,015	-	85,575
Advances from/(to) subsidiaries		-	-	6,818	(36,121)
Net cash (used in)/from investing activities		(37,709)	68,952	7,399	60,869

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

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,250)	(1,698)	(331)	(860)
Dividends received		-	-	10,800	34,366
Dividends paid to:					
- equity holders of the Company		(4,048)	(6,071)	(4,048)	(6,071)
- non-controlling interests		(1,560)	(11,577)	-	-
Issuance of redeemable convertible preference shares		-	7,038	-	-
Repayment of lease liabilities		(28,594)	(29,086)	(416)	(545)
Capital contribution from non-controlling interests		4,088	-	-	-
Drawdown of other borrowings		54,012	-	1,000	-
Drawdown of term loan		5,000	9,778	5,000	-
Repayments of:					
- other borrowings		(20,650)	(34,293)	-	(16,700)
- term loans		-	(16,716)	-	(11,019)
Net cash from/(used in) financing activities		6,998	(82,625)	12,005	(829)
Net increase in cash and cash equivalents		20,854	881	13,107	25,201
Cash and cash equivalents at beginning of financial year		22,836	21,970	15,091	(10,110)
Effects of exchange rate changes on cash and cash equivalents		(233)	(15)	-	-
Cash and cash equivalents at end of financial year	16(g)	43,457	22,836	28,198	15,091

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

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

Reconciliation of liabilities arising from financial activities:

	Other borrowings (Note 26)		Term loans (Note 25)		Lease liabilities (Note 5)	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
At 1 April 2019	5,466	3,000	9,778	-	87,325	972
Cash flows	33,362	1,000	5,000	5,000	(28,594)	(416)
Non-cash flows:						
- Additions	-	-	-	-	2,314	-
- Termination	-	-	-	-	(64,230)	-
- Unwinding of interest	-	-	-	-	2,303	26
- Transfer to subsidiaries	-	-	-	-	-	(236)
- Remeasurement	-	-	-	-	-	(18)
- Effect of foreign currency	-	-	313	-	4,678	-
- Term loan arrangement for property, plant and equipment	-	-	48,223	-	-	-
At 31 March 2020	38,828	4,000	63,314	5,000	3,796	328
At 1 April 2018	39,759	19,700	16,765	11,019	3,081	1,453
Cash flows	(34,293)	(16,700)	(6,938)	(11,019)	(29,086)	(545)
Non-cash flows:						
- Additions	-	-	-	-	104,561	-
- Unwinding of interest	-	-	-	-	3,659	66
- Effect of foreign currency	-	-	(49)	-	4,020	(2)
- Acquisition of subsidiaries	-	-	-	-	1,090	-
At 31 March 2019	5,466	3,000	9,778	-	87,325	972

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

1. CORPORATE INFORMATION

ENRA Group Berhad 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 2020 comprise the Company and its subsidiaries and the interests of the Group in a joint venture and an associate. 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 27 July 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment, investment holding, management services activities and sale of completed properties. The principal activities of the subsidiaries are set out in Note 7 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 7 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 69 to 147 have been prepared in accordance with MFRSs, IFRSs and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 44.1 to the financial statements.

In the previous financial year, the Group and the Company has elected to early adopt MFRS 16 *Leases* which is mandatory for financial years beginning on or after 1 January 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

4. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.4.2019 RM'000	Additions RM'000	Acquisition of subsidiaries RM'000	Disposal RM'000	Disposal of subsidiaries RM'000	Depreciation charge for the year RM'000	Exchange adjustment RM'000	Balance as at 31.3.2020 RM'000
Group								
2020								
Carrying amount								
Freehold land	-	4,074	-	-	-	-	-	4,074
Building	237	103	-	(33)	-	(4)	(19)	284
Furniture, fittings, renovation and office equipment	1,150	130	6	(6)	-	(166)	(3)	1,111
Computer hardware and software	110	98	-	(16)	-	(82)	-	110
Motor vehicles	170	148	-	(40)	-	(45)	(5)	228
Plant and machinery	3,163	512	-	(10)	-	(391)	(34)	3,240
Marine equipment	-	15,058	-	-	-	(167)	-	14,891
Capital work in progress	128	63,019	-	-	-	-	-	63,147
	4,958	83,142	6	(105)	-	(855)	(61)	87,085
	At 31.3.2020							
						Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land						4,074	-	4,074
Building						1,357	(1,073)	284
Furniture, fittings, renovation and office equipment						1,807	(696)	1,111
Computer hardware and software						797	(687)	110
Motor vehicles						572	(344)	228
Plant and machinery						5,072	(1,832)	3,240
Marine equipment						15,058	(167)	14,891
Capital work in progress						63,147	-	63,147
						91,884	(4,799)	87,085

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Balance as at 1.4.2018 RM'000	Additions RM'000	Acquisition of subsidiaries RM'000	Disposals RM'000	Disposal of subsidiaries RM'000	Depreciation charge for the year RM'000	Exchange adjustment RM'000	Balance as at 31.3.2019 RM'000
Group								
2019								
Carrying amount								
Building	-	-	272	-	-	(31)	(4)	237
Furniture, fittings, renovation and office equipment	818	431	63	(31)	(29)	(101)	(1)	1,150
Computer hardware and software	283	22	-	(12)	(17)	(166)	-	110
Motor vehicles	94	-	170	-	(28)	(59)	(7)	170
Plant and machinery	2,415	675	546	-	-	(450)	(23)	3,163
Capital work in progress	-	128	-	-	-	-	-	128
	3,610	1,256	1,051	(43)	(74)	(807)	(35)	4,958
	At 31.3.2019							
		Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000				
Building		1,396	(1,159)	237				
Furniture, fittings, renovation and office equipment		2,625	(1,475)	1,150				
Computer hardware and software		1,012	(902)	110				
Motor vehicles		777	(607)	170				
Plant and machinery		4,665	(1,502)	3,163				
Capital work in progress		128	-	128				
		10,603	(5,645)	4,958				

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Balance as at 1.4.2019 RM'000	Additions RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2020 RM'000
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Company

2020

Carrying amount

Furniture, fittings, renovation and office equipment	452	14	(59)	407
Computer hardware and software	39	8	(38)	9
	491	22	(97)	416

	At 31.3.2020		
	Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
Furniture, fittings, renovation and office equipment	1,481	(1,074)	407
Computer hardware and software	771	(762)	9
	2,252	(1,836)	416

	Balance as at 1.4.2018 RM'000	Additions RM'000	Depreciation charge for the year RM'000	Balance as at 31.3.2019 RM'000
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Company

2019

Carrying amount

Furniture, fittings, renovation and office equipment	517	6	(71)	452
Computer hardware and software	138	-	(99)	39
	655	6	(170)	491

	At 31.3.2019		
	Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
Furniture, fittings, renovation and office equipment	1,467	(1,015)	452
Computer hardware and software	763	(724)	39
	2,230	(1,739)	491

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

4. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- a. All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land is stated at cost less accumulated depreciation and any accumulated impairment losses.
- b. 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:

Building	3%
Furniture, fittings, renovation and office equipment	10% - 33.33%
Computer hardware and software	20% - 33.33%
Motor vehicles	20%
Marine equipment	7%
Plant and machinery	10%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress of the Group comprises warehouse under construction and a vessel acquired during the year currently undergoing modification work. These capital work-in-progress are stated at cost and not depreciated until such time when the asset is available for use.

- c. As at the end of the reporting period, certain plant and machinery and capital work in progress of the Group with a carrying amount of RM73,911,000 (2019: RM Nil) has been charged as securities for banking facilities granted to the Group as disclosed in Note 25(c) to the financial statements.
- d. During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	83,142	1,256	22	6
Financed by term loans	(48,223)	-	-	-
Transfer to inventories	-	(49)	-	-
Cash payments on purchase of property, plant and equipment	34,919	1,207	22	6

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group and the Company as lessee

a. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Vessel RM'000	Total RM'000
Group						
Cost						
At 31 March 2018	-	3,757	1,210	457	-	5,424
Addition	9,127	593	-	-	103,990	113,710
Acquisition of subsidiaries	-	1,725	-	-	-	1,725
Exchange adjustment	-	(71)	-	-	3,842	3,771
At 31 March 2019	9,127	6,004	1,210	457	107,832	124,630
Addition	1,594	1,040	-	4	-	2,638
Acquisition of a subsidiary	-	-	-	-	-	-
Derecognition upon expiration/Early termination	-	(1,591)	-	(358)	(107,832)	(109,781)
Exchange adjustment	-	(57)	(10)	-	-	(67)
At 31 March 2020	10,721	5,396	1,200	103	-	17,420
Accumulated amortisation						
At 1 April 2018	-	1,956	577	191	-	2,724
Amortisation charged for the year	82	1,052	231	137	25,240	26,742
Acquisition of subsidiaries	-	837	-	-	-	837
Derecognition upon expiration/Early termination	-	-	(119)	-	-	(119)
Exchange adjustment	-	(41)	-	-	(155)	(196)
At 31 March 2019	82	3,804	689	328	25,085	29,988
Amortisation charged for the year	187	1,021	237	20	21,458	22,923
Acquisition of a subsidiary	-	-	-	-	-	-
Derecognition upon expiration/Early termination	-	(1,250)	-	(254)	(46,543)	(48,047)
Exchange adjustment	-	(20)	(3)	-	-	(23)
At 31 March 2020	269	3,555	923	94	-	4,841
Net carrying amount						
At 31 March 2019	9,045	2,200	521	129	82,747	94,642
At 31 March 2020	10,452	1,841	277	9	-	12,579

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group and the Company as lessee (Cont'd)

a. Right-of-use assets (Cont'd)

	Building RM'000	Motor vehicle RM'000	Office equipment RM'000	Total RM'000
Company				
Cost				
At 1 April 2018	1,826	184	334	2,344
Exchange adjustment	(4)	-	-	(4)
At 31 March 2019	1,822	184	334	2,340
Remeasurement	(18)	-	-	(18)
Derecognition upon expiration / early termination	(640)	-	-	(640)
At 31 March 2020	1,164	184	334	1,682
Accumulated amortisation				
At 1 April 2018	729	77	129	935
Amortisation charged for the year	356	37	108	501
Exchange adjustment	(4)	-	-	(4)
At 31 March 2019	1,081	114	237	1,432
Amortisation charged for the year	192	36	97	325
Derecognition upon expiration / early termination	(400)	-	-	(400)
At 31 March 2020	873	150	334	1,357
Net carrying amount				
At 31 March 2019	741	70	97	908
At 31 March 2020	291	34	-	325

- i. The right-of-use assets comprise leasehold land, buildings, motor vehicles, office equipment and vessel and they are initially recorded at cost.

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated amortisation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

- ii. Amortisation is calculated on a straight-line basis over the estimated useful lives of the right-of-use assets. The principal amortisation periods used are as follows:

Leasehold land	Up to 69 years
Buildings	2 to 5 years
Motor vehicles	5 years
Office equipment	3 to 5 years
Vessel	4 years

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group and the Company as lessee (Cont'd)

b. Lease liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Lease liabilities	2,722	59,426	46	493
Current				
Lease liabilities	1,074	27,899	282	479
Total lease liabilities	3,796	87,325	328	972
Lease liabilities owing to financial institutions	326	523	30	58
Lease liabilities owing to non-financial institutions	3,470	86,802	298	914
Total lease liabilities	3,796	87,325	328	972

- i. The lease liabilities is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.
- ii. The movements of lease liabilities during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of financial year	87,325	3,081	972	1,453
Addition	2,314	104,561	-	-
Acquisition of a subsidiary	-	1,090	-	-
Interest charged	2,303	3,659	26	66
Lease payments	(28,594)	(29,086)	(416)	(545)
Transfer to subsidiaries	-	-	(236)	-
Remeasurement	-	-	(18)	-
Derecognition upon expiration / Early termination	(64,230)	-	-	-
Exchange adjustment	4,678	4,020	-	(2)
At end of financial year	3,796	87,325	328	972

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group and the Company as lessee (Cont'd)

b. Lease liabilities (Cont'd)

iii. The weighted average incremental borrowing rate applied to the lease liabilities is 5.27% (2019: 5.27%).

iv. The currency exposure profile of lease liabilities are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	3,327	2,199	328	954
US Dollar	-	84,274	-	-
Australian Dollar	469	852	-	18
	3,796	87,325	328	972

c. The Group and the Company have certain leases of equipment and premises with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.

d. The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortisation charge of right-of-use assets (included in cost of sales)	21,458	25,240	-	-
Amortisation charge of right-of-use assets (included in administration expenses)	1,465	1,502	325	501
Interest expense on lease liabilities	2,303	3,659	26	66
Expense relating to short-term leases (included in cost of sales)	2,777	65	-	-
Expense relating to short-term leases (included in administration expenses)	117	2	-	-
Expense relating to leases of low-value assets (included in cost of sales)	-	1	-	-
Expense relating to leases of low-value assets (included in administration expenses)	227	107	154	81
	28,347	30,576	505	648

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)**The Group and the Company as lessee (Cont'd)**

- e. At the end of the financial year, the Group and the Company had total cash outflow for leases of RM28,594,000 and RM416,000 (2019: RM29,086,000 and RM545,000) respectively.
- f. The Group and the Company leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at 31 March 2020, there is no undiscounted potential future rental payment that is not included in the lease term.

The Group as a lessor

The Group has entered into non-cancellable lease agreements on certain asset for terms of four years and renewable at the end of the lease period. The monthly rental consists of a fixed base rent.

Future minimum rentals receivable under agreement at the reporting date are as follows:

	Group	
	2020 RM'000	2019 RM'000
Less than one (1) year	35,098	33,309
One (1) to two (2) years	35,098	33,309
Two (2) to three (3) years	2,404	33,309
Three (3) to four (4) years	-	2,094
	72,600	102,021

6. INVESTMENT IN A JOINT VENTURE

On 5 June 2017, ENRA Engineering & Construction Sdn. Bhd. ("EEC"), a wholly-owned subsidiary of the Company and Emrail Sdn. Bhd. had entered into a Shareholders Agreement 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.

Subsequently, ENRA Emrail Sdn. Bhd. ("EEM") was established on 28 August 2017 with an issued and paid-up share capital of RM100 ordinary shares. EEC holds 51% of the shareholdings of EEM.

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT IN A JOINT VENTURE (Cont'd)

Details of the joint venture is as follows:

Name of company	Effective interest in equity		Principal activities
	2020 %	2019 %	
ENRA Emrail Sdn. Bhd.	51	51	Intended business has yet to commence

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Investment in a joint venture is 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 joint venture, 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 joint venture, 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.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted equity shares, at cost	15,147	15,147
Less: Impairment losses	-	-
	15,147	15,147
Equity contributions to subsidiaries	64,334	53,064
	79,481	68,211

- a. 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 MFRS 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 MFRS 5.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- a. 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. (Cont'd)

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. Equity contributions to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future for the purposes of providing the subsidiaries with a long term source of additional capital.
- c. Acquisition/Incorporation of subsidiaries and subscription of shares in subsidiaries
- i. Acquisition of Q Homes Sdn. Bhd. ("Q Homes")

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. Q Homes was incorporated in Malaysia on 28 February 2019 as a private limited liabilities company. The principal activities of Q Homes and its subsidiaries ("Q Homes Group") include construction of residential properties and real estate activities. Q Homes owns a 100% equity stake in Merpati TPG Sdn. Bhd.

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

The fair value and the carrying amounts of the identifiable assets and liabilities of Q Homes as at the date of acquisition were as follows:

	Group 2020 RM'000
Assets/(Liabilities) acquired:	
Property, plant and 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

The acquisition of Q Home does not materially affect the revenue and profit after tax of the Group for the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

c. Acquisition/Incorporation of subsidiaries and subscription of shares in subsidiaries (Cont'd)

ii. Internal restructuring of Orlando Manufacturing Sdn. Bhd. ("OMSB"), Tenderly Marketing Sdn. Bhd. ("TMSB") and Prominent Archway Sdn. Bhd. ("PASB")

On 3 September 2019, the Company had undertaken an internal restructuring exercise involving the 3 transfers of its entire shareholding of 500,000 ordinary shares in OMSB and 200,000 ordinary shares in TMSB and ELAND's entire shareholding of 2 ordinary shares in PASB to Q Homes at a total cash consideration of RM4.00 and RM2.00 respectively.

Upon completion of the transfers, OMSB, TMSB and PASB which were previously wholly owned direct and indirect subsidiaries of the Company, became 51% indirect subsidiaries of the Company. The dilution in the interest of OMSB, TMSB and PASB does not have a material effect to the Group as the carrying amount of net asset for these 3 companies are RM Nil at the date of disposal.

Subsequently, the Group changed the names of OMSB to DV Homes Sdn. Bhd. and TMSB to Makmur Homes Sdn. Bhd.

iii. Internal restructuring of ENRA Power System Sdn. Bhd. ("EPSSB")

On 31 January 2020, the Company has transferred 100% of its 100,000 shares in EPSSB from ENRA Energy Sdn. Bhd. ("EESB") to its wholly owned indirect subsidiary, EKSB for a total cash consideration of RM100,000.

The internal restructuring of EPSSB does not have any financial impact to the Group.

iv. Subscription of shares in ENRA ICON Sdn. Bhd. ("EICON")

On 28 February 2020, ENRA Oil & Gas Services Sdn. Bhd. ("EOGS"), a wholly owned indirect subsidiary of the Company has entered into a Deed of Termination with Icon Oilfield Solutions Sdn. Bhd. ("ICON") to mutually rescind and terminate a Shareholders Agreement on EICON. As part of the termination arrangement, EOGS has made full payment of RM20,600 in cash for the purchase of 30,000 ordinary shares, equivalent to 30% equity interest in EICON which was previously owned by ICON, resulting in EICON became a wholly owned direct subsidiary to EOGS.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- d. The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited, Abode Senior Living Limited, Abode Caldecott Square Development Limited and Caldecott Square Rugby Limited, which are incorporated in the United Kingdom whereas ENRA Kimia (Australia) Pty. Ltd. and International Chemicals Engineering Pty. Ltd., which are incorporated in Australia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2020 %	2019 %	
ENRA Labuan Sdn. Bhd.	100	100	Property development
ENRA Land Sdn. Bhd.	100	100	Investment holding
ENRA Energy Solutions Sdn. Bhd.	100	100	Provision of upstream and midstream infrastructure technology solution to the oil and gas industry.
ENRA Energy Sdn. Bhd.	100	100	Investment holding
ENRA Engineering & Construction Sdn. Bhd.	100	100	Investment holding
Subsidiaries of ENRA Energy Sdn. Bhd.			
ENRA Kimia Sdn. Bhd.	100	100	Trading on gas and chemical related services
ENRA Oil & Gas Services Sdn. Bhd.	100	100	Provision of project management of engineering, procurement, construction and commissioning and decommissioning for multi-discipline in oil & gas industries
Subsidiaries of ENRA Oil & Gas Services Sdn. Bhd.			
ENRA SPM Sdn. Bhd.	60	60	Leasing and provision of related services
ENRA NauticAWT Sdn. Bhd.	51	51	Provision of project management and technical services for well services and abandonment
ENRA ICON Sdn. Bhd.	100	70	Provision of engineering and oil and gas related industry
Subsidiaries of ENRA Land Sdn. Bhd.			
ENRA Property (UK) Limited #	100	100	Investment holding
Q Homes Sdn. Bhd.	51	-	Property development and trading

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- d. The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited, Abode Senior Living Limited, Abode Caldecott Square Development Limited and Caldecott Square Rugby Limited, which are incorporated in the United Kingdom whereas ENRA Kimia (Australia) Pty. Ltd. and International Chemicals Engineering Pty. Ltd., which are incorporated in Australia, are as follows (Cont'd):

Name of company	Effective interest in equity		Principal activities
	2020 %	2019 %	
Subsidiaries of Q Homes Sdn Bhd.			
Prominent Archway Sdn. Bhd.	51	100	Intended business has yet to commence
Merpati TPG Sdn. Bhd.	51	-	Property development
Makmur Homes Sdn. Bhd. (f.k.a Tenderly Marketing Sdn. Bhd.)	51	100	Property development
DV Homes Sdn. Bhd. (f.k.a Orlando Manufacturing Sdn. Bhd.)	51	100	Property development
Subsidiaries of ENRA Property (UK) Limited			
Fitzrovia Developments Limited #	75	75	Property development
Abode Senior Living Limited #	51	51	Property development
Subsidiary of ENRA SPM Sdn. Bhd.			
ENRA SPM Labuan Limited	60	60	Leasing services
Subsidiary of ENRA Engineering and Construction Sdn. Bhd.			
ENRA Engineering & Fabrication Sdn. Bhd.	100	100	Business of engineering, procurement and construction of civil works, steel structure, mechanical, piping and electrical and instrumental installation
Subsidiaries of Abode Senior Living Limited			
Abode Caldecott Square Development Limited #	51	51	Property development
Caldecott Square Rugby Limited #	51	51	Property development
Subsidiary of ENRA Engineering & Fabrication Sdn. Bhd.			
ENRA IOL Sdn. Bhd.	51	51	Business of supplying and installing energy saving lighting products

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- d. The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited, Abode Senior Living Limited, Abode Caldecott Square Development Limited and Caldecott Square Rugby Limited, which are incorporated in the United Kingdom whereas ENRA Kimia (Australia) Pty. Ltd. and International Chemicals Engineering Pty. Ltd., which are incorporated in Australia, are as follows (Cont'd):

Name of company	Effective interest in equity		Principal activities
	2020 %	2019 %	
Subsidiaries of ENRA Kimia Sdn. Bhd.			
ENRA Kimia (Australia) Pty. Ltd. ^a	100	100	Investment holding
ENRA Power Systems Sdn. Bhd.	100	100	Intended business has yet to commence
Subsidiary of Enra Kimia (Australia) Pty. Ltd.			
International Chemicals Engineering Pty. Ltd. [*]	100	100	Supplier of liquid odorant, dosing systems and servicing to gas delivery and storage systems

* Subsidiary not audited by BDO Member firms

Subsidiaries audited by BDO Member Firms

[®] Subsidiary is consolidated based on management account provided for the financial year ended 31 March 2020

- e. The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	ENRA SPM Sdn. Bhd. Group RM'000	Landmark Zone Sdn. Bhd.* RM'000	Fitzrovia Developments Limited RM'000	ENRA IOL Sdn. Bhd. RM'000	Abode Senior Living Limited Group RM'000	Q Homes Sdn. Bhd. Group RM'000
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2020

NCI percentage of ownership interest and voting interest	40%	-	25%	49%	49%	49%
Carrying amount of NCI	5,053 [#]	-	(3,396)	616	34	76
Profit/(Loss) allocated to NCI	2,311	-	(348)	40	57	(41)
Total comprehensive income/(loss)	2,311	-	(348)	40	57	(41)
Dividends paid to NCI	1,560	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

e. The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows (Cont'd):

	ENRA SPM Sdn. Bhd. Group RM'000	Landmark Zone Sdn. Bhd.* RM'000	Fitzrovia Developments Limited RM'000	ENRA IOL Sdn. Bhd. RM'000	Abode Senior Living Limited Group RM'000	Q Homes Sdn. Bhd. Group RM'000
--	--	--	--	---------------------------------	---	---

2019

NCI percentage of ownership interest and voting interest	40%	-	25%	49%	49%	-
Carrying amount of NCI	214	-	(3,048)	576	(23)	-
Profit/(Loss) allocated to NCI	174	543	(2,915)	(12)	-	-
Total comprehensive income/(loss)	174	543	(2,915)	(12)	-	-
Dividends paid to NCI	-	11,577	-	-	-	-

* Landmark Zone Sdn Bhd was disposed of in the previous financial year.

During the year, the NCI has granted additional capital contribution to ESPM in the form of equity loan amounting to RM4,088,000.

The summarised financial information before intra-group elimination are as follows:

	ENRA SPM Sdn. Bhd. Group RM'000	Fitzrovia Developments Limited RM'000	ENRA IOL Sdn. Bhd. RM'000	Abode Senior Living Limited Group RM'000	Q Homes Sdn. Bhd. Group RM'000
--	--	--	---------------------------------	---	---

2020

Assets and liabilities

Non-current assets	74,217	-	299	-	16
Current assets	14,136	3,025	2,145	28,003	13,244
Non-current liabilities	(28,005)	-	-	-	-
Current liabilities	(47,664)	(2,522)	(1,188)	(28,297)	(13,206)
Net assets	12,684	503	1,256	(294)	54

Results

Revenue	50,057	48,427	1,768	-	-
Profit/(Loss) for the financial year	5,778	(1,391)	82	115	83
Total comprehensive income/(loss)	5,778	(1,391)	82	115	83

Cash flows from/(used in) operating activities	33,810	46,578	(1,820)	(1,274)	(7,329)
Cash flows (used in)/from investing activities	(10,101)	-	872	-	(20)
Cash flows (used in)/from financing activities	(24,787)	(45,354)	1,176	1,334	3,862
Net increase/(decrease) in cash and cash equivalents	1,078	1,224	228	60	3,487

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- e. The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows (Cont'd):

The summarised financial information before intra-group elimination are as follows (Cont'd):

	ENRA SPM Sdn. Bhd. Group RM'000	Fitzrovia Developments Limited RM'000	ENRA IOL Sdn. Bhd. RM'000	Abode Senior Living Limited Group RM'000	Q Homes Sdn. Bhd. Group RM'000
--	--	--	--	---	---

2019**Assets and liabilities**

Non-current assets	82,746	-	-	-	-
Current assets	13,320	49,651	1,346	-	-
Non-current liabilities	(57,746)	-	-	-	-
Current liabilities	(37,812)	(47,757)	(171)	-	-
Net assets	508	1,894	1,175	-	-

Results

Revenue	46,365	-	-	-	-
Profit/(Loss) for the financial year	436	(11,660)	(25)	-	-
Total comprehensive income/(loss)	436	(11,660)	(25)	-	-

Cash flows from/(used in) operating activities	30,719	(8,293)	(735)	-	-
Cash flows from investing activities	729	13,270	-	-	-
Cash flows (used in)/from financing activities	(29,987)	(5,745)	1,200	-	-
Net increase/(decrease) in cash and cash equivalents	1,461	(768)	465	-	-

- f. The annual impairment review conducted at the end of the financial year is performed by comparing the subsidiaries' carrying amounts and their recoverable amounts determined based on value in use calculation using cash flow projections covering five years period with a terminal value based on year five results. There is no impairment loss to be recognised in the current financial year.

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:

	Company	
	2020	2019
Growth rate	5%	2.5%
Pre-tax discount rate	12%	7.0% - 7.5%

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 subsidiaries' recoverable amounts would not cause the subsidiaries' carrying amounts to further exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

8. INVESTMENT IN AN ASSOCIATE

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	30	30
Share of post-acquisition reserves	(30)	(13)
	-	17

The summarised financial information of the associate is as follows:

	Group	
	2020 RM'000	2019 RM'000
Assets and liabilities		
Total assets	574	743
Total liabilities	(2,899)	(682)
Results		
Revenue	2,334	1,092
(Loss)/Profit for the financial year	(2,386)	7

Details of the associate is as follow:

Name of company	Effective interest in equity		Principal activities
	2020 %	2019 %	
Perunding ENRA Sdn. Bhd.	30	30	Project management and engineering, procurement and construction contracts

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

9. INTANGIBLE ASSETS

	Balance as at 1.4.2019 RM'000	Acquisition of subsidiaries (Note 7(c)(i)) RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.3.2020 RM'000
--	--	---	---	---

Group

2020

Carrying amount

Goodwill (Note 10)	12,934	6	-	12,940
Customer relationships	2,690	-	(275)	2,415
Trademark and trade names	1,582	-	-	1,582
	17,206	6	(275)	16,937

	At 31.3.2020		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	12,940	-	12,940
Customer relationships	2,883	(468)	2,415
Trademark and trade names	1,582	-	1,582
	17,405	(468)	16,937

	Balance as at 1.4.2018 RM'000	Acquisition of subsidiaries RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.3.2019 RM'000
--	--	---	---	---

Group

2019

Carrying amount

Goodwill (Note 10)	8,505	4,429	-	12,934
Customer relationships	-	2,883	(193)	2,690
Trademark and trade names	-	1,582	-	1,582
	8,505	8,894	(193)	17,206

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

9. INTANGIBLE ASSETS (Cont'd)

	At 31.3.2019		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	12,934	-	12,934
Customer relationships	2,883	(193)	2,690
Trademark and trade names	1,582	-	1,582
	17,399	(193)	17,206

Intangible assets are initially measured at cost. After initial recognition, intangible assets, excluding goodwill are carried at cost less accumulated amortisation and any accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are assessed for any indication that the asset may be impaired and are amortised on a straight line basis over their estimated economic useful lives, not exceeding ten (10) years. Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

10. GOODWILL ON CONSOLIDATION

	Group	
	2020 RM'000	2019 RM'000
At beginning of the financial year	12,934	8,505
Acquisition of subsidiaries	6	4,429
At end of the financial year (Note 9)	12,940	12,934

- a. 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. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Goodwill arising from the acquisition of Q Homes during the year have been allocated to property development division for annual impairment testing and at other times when such indicators exist. This requires an estimation of the recoverable amount to which goodwill is allocated.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

10. GOODWILL ON CONSOLIDATION (Cont'd)

b. Impairment of goodwill

Goodwill has been allocated to the identified CGU according to relevant operating segments based on the geographical location of customers as follows:

	Group	
	2020 RM'000	2019 RM'000
Malaysia	8,912	8,906
United Kingdom	24	24
Australia	4,004	4,004
	12,940	12,934

For the purpose of impairment testing, the recoverable amount of a CGU is determined based on its value-in-use. The value-in-use is determined by discounting the pre-tax cash flows based on financial budgets prepared by the Group covering a five-year period with a terminal value based on the following key assumptions:

	2020	2019
Growth rates	5%	2.5%
Pre-tax discount rate	12%	7.0% - 7.5%

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.

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill assessed as at 31 March 2020 as their recoverable amounts were in excess of their carrying amounts. Management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

11. DEFERRED TAXATION

- a. The deferred taxation are made up of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of the financial year	(207)	(126)	-	-
Recognised in profit or loss (Note 31)	(299)	(77)	-	-
Exchange adjustment	4	(4)	-	-
At end of the financial year	(502)	(207)	-	-
Presented by:				
Deferred tax assets, net	225	76	-	-
Deferred tax liabilities, net	(727)	(283)	-	-
	(502)	(207)	-	-

- b. The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Deferred tax assets of the Group

	Unutilised tax losses RM'000	Provision RM'000	Total RM'000
At 1 April 2018	117	-	117
Recognised in profit or loss	(115)	78	(37)
Exchange adjustment	(2)	(2)	(4)
At 31 March 2019	-	76	76
At 1 April 2019	-	76	76
Recognised in profit or loss	-	145	145
Exchange adjustment	-	4	4
At 31 March 2020	-	225	225

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Right-of-use assets RM'000	Others RM'000	Total RM'000
At 1 April 2018	(212)	-	(31)	(243)
Recognised in profit or loss	(73)	(186)	219	(40)
At 31 March 2019	(285)	(186)	188	(283)
At 1 April 2019	(285)	(186)	188	(283)
Recognised in profit or loss	32	(400)	(76)	(444)
At 31 March 2020	(253)	(586)	112	(727)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

11. DEFERRED TAXATION (Cont'd)

- c. The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses				
- Expires by 31 March 2026	19,103	19,245	2,527	2,527
- Expires by 31 March 2027	2,010	-	1,829	-
Unabsorbed capital allowances	711	576	296	229
Other deductible temporary differences	5,044	2,425	875	755
	26,868	22,246	5,527	3,511

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the Company and the subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

12. INVENTORIES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost					
Property held for sale		26,985	21,176	-	-
Completed properties		4,980	7,616	4,560	7,616
Inventories in transit		-	2,975	-	-
Consumables		-	8	-	-
Work in progress		27	80	-	-
Finished goods		5,369	4,092	-	-
Properties development cost	(a)	12,115	-	-	-
At net realisable value					
Completed properties		-	47,323	-	-
		49,476	83,270	4,560	7,616

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

12. INVENTORIES (Cont'd)

- a. Property development costs

	Balance as at 1.4.2019 RM'000	Cost incurred during the year RM'000	Balance as at 31.3.2020 RM'000
Group			
Freehold land	-	10,025	10,025
Development costs	-	2,090	2,090
	-	12,115	12,115

- b. 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.

Cost of completed properties held for sale consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing properties until completion.

- c. Inventories of the Group amounting to RM135,305,000 (2019: RM80,997,000) have been expensed to the statements of profit or loss and other comprehensive income during the financial year.
- d. Included in property held for sale are borrowing costs capitalised during the financial year of RM1,057,000 (2019: RM194,000) at 10.20% (2019: 10.20%) per annum.
- e. In the previous financial year, the Group had written down the completed properties of RM9,276,000.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables				
Trade receivables	57,422	33,976	-	-
Retention sum	-	352	-	-
Less: Impairment losses	(16,858)	(17,202)	-	-
	40,564	17,126	-	-
Other receivables and deposits				
Amounts due from subsidiaries	-	-	40,871	60,182
Amount due from an associate	2,395	619	-	-
Other receivables	29,862	5,832	5,323	181
Deposits	2,248	537	146	143
	34,505	6,988	46,340	60,506
Less: Impairment losses	(2,241)	-	-	-
	32,264	6,988	46,340	60,506
Total receivables, net of prepayments	72,828	24,114	46,340	60,506
Prepayments	568	9,767	151	846
	73,396	33,881	46,491	61,352

- Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.
- 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 (2019: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- The amounts due from subsidiaries represent advances and payments on behalf, which bear interest at 6% - 12% (2019: 6.41%) per annum and payable within next twelve months in cash and cash equivalents.

The amount due from an associate represent advances and payments on behalf, which are interest free and payable within next twelve month in cash and cash equivalents.

- The currency exposure profile of receivables (exclude prepayments) are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	59,992	9,602	27,263	8,122
US Dollar	11,417	8,255	10,302	-
British Pound	33	4,788	8,775	52,384
Australian Dollar	1,386	1,469	-	-
	72,828	24,114	46,340	60,506

- Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

13. TRADE AND OTHER RECEIVABLES (Cont'd)

- f. The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the average historical bad debts write-offs rate and general rate based on the length of time invoices are overdue.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (gross domestic product (GDP)) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate expected loss rates.

Expected credit loss provision for trade receivables as at 31 March 2020 are as follows:

	Gross carrying amount RM'000	Total allowance RM'000	Net balance RM'000
Group			
2020			
Current (not past due)	35,941	(4)	35,937
Past due			
- 1 to 30 days	3,429	*	3,429
- 31 to 60 days	210	*	210
- 61 to 90 days	964	*	964
- More than 90 days	24	*	24
	40,568	(4)	40,564
Credit impaired			
Individually impaired	16,854	(16,854)	-
	57,422	(16,858)	40,564
2019			
Current (not past due)	13,810	(1)	13,809
Past due			
- 1 to 30 days	3,243	(1)	3,242
- 31 to 60 days	61	*	61
- 61 to 90 days	-	-	-
- More than 90 days	4	*	4
	17,118	(2)	17,116
Credit impaired			
Individually impaired	17,210	(17,200)	10
	34,328	(17,202)	17,126

* The amount is immaterial to disclose.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

13. TRADE AND OTHER RECEIVABLES (Cont'd)

- g. As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.
- h. During the financial year, the Group did not renegotiate the terms of any trade receivables.
- i. The reconciliation of movements in allowance for impairment accounts is as follows:

	Trade receivables		
	Lifetime expected credit allowance RM'000	Specific allowance RM'000	Total allowance RM'000
Group			
At 1 April 2018	1	627	628
Charge for the year	1	16,607	16,608
Written off	-	(34)	(34)
At 31 March 2019 / 1 April 2019	2	17,200	17,202
Charge for the year	2	-	2
Reversal	-	(346)	(346)
At 31 March 2020	4	16,854	16,858
Company			
At 1 April 2018	-	34	34
Charge for the year	-	-	-
Written off	-	(34)	(34)
At 31 March 2019 / 1 April 2019	-	-	-
Charge for the year	-	-	-
Written off	-	-	-
At 31 March 2020	-	-	-

Specific allowance refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of financial year.

- j. Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assessed whether there has been a significant increase in credit risk for financial assets by comparing the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

13. TRADE AND OTHER RECEIVABLES (Cont'd)

j. (Cont'd)

The Group defined significant increase in credit risk when a counterparty's financial position deteriorates significantly. In determining the financial position, the Group considers the operating performance of the receivables, changes to contractual terms, payment delays and past due information.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loans or advances to the Company in full;
- The subsidiary's loan or advance is overdue for more than 120 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these intercompany loans and advances using internal information available.

Movements in the impairment allowance for amount due from an associate are as follows:

	12-month ECL RM'000	Lifetime ECL – not credit impaired RM'000	Total RM'000
Group			
At 1 April 2019	-	-	-
Charge for the financial year	2,241	-	2,241
At 31 March 2020	2,241	-	2,241

- k. No expected credit loss is recognised arising from other receivables of the Group and the Company as it is negligible.
- l. Information on financial risks of trade and other receivables is disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

14. CONTRACT ASSETS

	Group	
	2020 RM'000	2019 RM'000
Aggregate pre-contract costs incurred to date	-	2,387
Less: Attributable loss	-	(19)
	-	2,368
Less: Progress billings	-	(2,368)
	-	-

Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied. No impairment is required as the amount is negligible.

15. DERIVATIVE ASSETS

	2020		2019	
	Contract/ Notional amount RM'000	Fair value of derivatives RM'000	Contract/ Notional amount RM'000	Fair value of derivatives RM'000

Group**Current**

Forward foreign currency contracts	11,934	225	30,421	512
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Company**Current**

Forward foreign currency contracts	10,135	188	30,421	512
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The Group and Company uses forward foreign currency 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 Group and Company do not apply hedge accounting.

Forward foreign currency contracts represent selling and buying contracts are used to hedge the Company's advance to a subsidiaries denominated in British Pound and to hedge the Group's payable to certain suppliers denominated in US Dollar and Euro for which the commitments existed at the reporting date.

As disclosed in Note 30 to the financial statements, the Group and the Company recognised a loss of RM287,000 (2019: gain of RM401,000) and RM324,000 (2019: gain of RM401,000) respectively arising from the fair value changes in derivatives. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 40(b)(v) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

16. CASH AND BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits with licensed banks	12,326	14,604	2,100	8,089
Cash and bank balances	17,340	9,125	5,044	766
	29,666	23,729	7,144	8,855
Short term funds				
- Investment in fixed income trust funds in Malaysia	23,947	6,236	23,154	6,236
	53,613	29,965	30,298	15,091

- Cash and bank balances and short term funds are classified as financial assets. Cash and bank balances are measured at amortised cost, while short term funds are measured at fair value through profit or loss respectively.
- Investment in fixed income trust funds in Malaysia represent 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.
- 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 24, 25 and 26 to the financial statements. The fixed deposits of the Group and of the Company bear average interest of 2.33% (2019: 2.99%) and 3.07% (2019: 3.07%) per annum respectively. The fixed deposits of the Group and of the Company have maturity period between one (1) month to sixty five (65) months (2019: one (1) month to ten (10) months).
- Information on financial risks of cash and bank balances and short term funds is disclosed in Note 41 to the financial statements.
- The currency exposure profile of cash and bank balances and short term funds are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	50,364	25,447	30,298	15,091
US Dollar	479	2,427	-	-
Australian Dollar	1,313	1,972	-	-
British Pound	1,435	96	-	-
Singapore Dollar	22	23	-	-
	53,613	29,965	30,298	15,091

- No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these institution were negligible.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

16. CASH AND BANK BALANCES AND SHORT TERM FUNDS (Cont'd)

- g. For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances				
Fixed deposits with licensed banks	12,326	14,604	2,100	8,089
Cash and bank balances	17,340	9,125	5,044	766
Short term funds	23,947	6,236	23,154	6,236
As reported in statements of financial position	53,613	29,965	30,298	15,091
Less:				
Bank overdrafts (Note 23)	-	(683)	-	-
Fixed deposits pledged to licensed banks	(10,156)	(6,446)	(2,100)	-
As reported in statements of cash flows	43,457	22,836	28,198	15,091

17. DISPOSAL GROUP HELD FOR SALE

	Assets		Liabilities	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group				
At 1 April	-	85,156	-	7
Disposal	-	(85,156)	-	(7)
At 31 March	-	-	-	-
Company				
At 1 April	-	85,575	-	-
Disposal	-	(85,575)	-	-
At 31 March	-	-	-	-

The investment properties and property, plant and equipment of the Group and of the Company which were previously classified as held for sale were disposed of in the previous financial year. There is no assets of the Group and Company which are classified as held for sale as at 31 March 2020 and 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

18. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000

Issued and fully paid ordinary shares with no par value

At beginning/end of the financial year	136,208	144,744	136,208	144,744
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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.

19. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	Group			
	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000

Equity component of redeemable convertible preference share ("RCPS") with no par value

At beginning/end of the financial year	800	2,886	800	2,886
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The carrying amount of the liability component of RCPS at the reporting date is arrived at as follow:

	Group	
	2020 RM'000	2019 RM'000
Face value of RCPS	8,096	8,096
Less: Equity component	(2,886)	(2,886)
Liability component at initial recognition	5,210	5,210
At beginning of the financial year	5,580	703
Issued during the year	-	4,561
Unwinding of discount	426	316
At end of the financial year	6,006	5,580

On 2 March 2017, ENRA Labuan Sdn. Bhd. ("ELSB"), a wholly-owned direct 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

19. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (Cont'd)

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.

20. 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 2020, the Group held 1,289,400 (2019: 1,289,400) of the Company's treasury shares at a total cost of RM1,199,000 (2019: RM1,199,000).

21. NON-DISTRIBUTABLE RESERVES

	Group	
	2020 RM'000	2019 RM'000
Capital reserve	-	275
Exchange translation reserve	371	53
	371	328

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

21. NON-DISTRIBUTABLE RESERVES (Cont'd)

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.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

NON-CURRENT

Other payables

Other payables	9,450	-	-	-
Contingent consideration for business acquisition	1,338	2,613	-	-
	10,788	2,613	-	-

CURRENT

Trade payables

Third parties	14,770	12,944	-	-
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Other payables

Amounts due to subsidiaries	-	-	3,901	5,129
Other payables	10,458	2,037	509	-
Contingent consideration for business acquisition	1,566	1,730	-	-
Accruals	6,725	3,118	1,643	310
Deposits and advances received	966	92	5	77
Amount owing to a related party	11,334	11,855	-	-
	31,049	18,832	6,058	5,516
	45,819	31,776	6,058	5,516
Total trade and other payables	56,607	34,389	6,058	5,516

- Trade and other payables, except for land entitlement payment and contingent consideration for business acquisition, are classified as financial liabilities measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 60 days (2019: 30 days to 60 days).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

22. TRADE AND OTHER PAYABLES (Cont'd)

- c. Non-current other payables amounting RM9,450,00 (2019: RM Nil) relates to land entitlement payment for the Group's property development project. The entitlement is payable to the landowner upon completion of the development project.
- d. Contingent consideration for business acquisition arose from the Group's acquisition of a subsidiary, ICE, in the previous financial year. The total contingent consideration of up to AUD1,800,000 is payable in proportion to ICE meeting the target of achieving EBITDA in excess of the EBITDA Guarantee each year for the next three years from the acquisition date.

During the year, the Group renegotiated the terms of payment of contingent consideration with the former shareholders of ICE, resulting in the extension of the Guarantee period to four (4) years from the acquisition date. Also during the year, the Group made the first tranche payment of AUD409,000 (RM1,094,000 equivalent) upon ICE meeting its target for the first year.

- e. Amount owing to a related party represents advances received from a non-controlling interest, amounting to RM11,334,000 (2019: RM11,855,000) which are unsecured, non-interest bearing and payable on demand in cash and cash equivalents.
- f. Amounts due to subsidiaries represents payments on behalf, which are unsecured, interest free and payable within next twelve months in cash and cash equivalents.
- g. The currency exposure profile of payables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	24,379	8,543	6,058	5,516
US Dollar	11,141	7,550	-	-
British Pound	11,884	12,984	-	-
Euro	5,981	5,142	-	-
Australian Dollar	3,222	170	-	-
	56,607	34,389	6,058	5,516

- h. Information on financial risks of trade and other payables is disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

23. BORROWINGS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities					
Term loans	25	33,018	-	-	-
Current liabilities					
Bank overdrafts	24	-	683	-	-
Term loans	25	30,296	9,778	5,000	-
Other borrowings	26	38,828	5,466	4,000	3,000
		69,124	15,927	9,000	3,000
		102,142	15,927	9,000	3,000
Total borrowings					
Bank overdrafts	24	-	683	-	-
Term loans	25	63,314	9,778	5,000	-
Other borrowings	26	38,828	5,466	4,000	3,000
		102,142	15,927	9,000	3,000

- Borrowings are classified as financial liabilities measured at amortised cost.
- The currency exposure profile of borrowings are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	89,547	6,096	9,000	3,000
British Pound	10,091	9,778	-	-
Australian Dollar	2,504	53	-	-
	102,142	15,927	9,000	3,000

24. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company are secured by the following:

- first party pledge of fixed deposits equivalent to one (1) to twelve (12) months' interest servicing on the facility (Note 16(c)); and
- guaranteed by way of corporate guarantee by the Group.

Information on financial risks of bank overdrafts is disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

25. TERM LOANS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loan I	10,091	9,778	-	-
Term loan II	5,000	-	5,000	-
Term loan III	2,504	-	-	-
Term loan IV	2,711	-	-	-
Term loan V	43,008	-	-	-
	63,314	9,778	5,000	-

Repayable as follows:

Current liabilities:

- not later than one (1) year	30,296	9,778	5,000	-
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Non-current liabilities:

- later than one (1) year and not later than five (5) years	33,018	-	-	-
	63,314	9,778	5,000	-

- a. Term loan I is extended from its twelve (12) months term expired on 23 March 2020 and will be repayable by a full amount of GBP1.82 million before financial year ending 31 March 2021.
- b. Term loan II is a short-term loan attract interest of 15% per annum that was fully settled subsequent to year end.
- c. Term loan III, IV and V are related to assets acquisition by subsidiaries and were secured by the following:
 - i. corporate guarantees from the Company as disclosed in Note 37 to the financial statements;
 - ii. fresh negative pledge;
 - iii. pledge of fixed deposits as disclosed in Note 16(c) to the financial statements;
 - iv. pledge of insurance rights in respect of the acquired assets and;
 - v. pledged against the respective acquired assets as disclosed in Note 4(c) to the financial statements.
- d. Information on financial risks of term loans and the remaining maturities is disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

26. OTHER BORROWINGS

- a. The other borrowings relates to trade and working capital credit facilities of the Group that are secured by:
- i. corporate guarantees from the Company as disclosed in Note 37 to the financial statements;
 - ii. fresh negative pledge; and
 - iii. pledge of fixed deposits as disclosed in Note 16(c) to the financial statements.
- b. Information on financial risks of other borrowings and their remaining maturities is disclosed in Note 41 to the financial statements.

27. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

CONTINUING OPERATIONS

Revenue from contracts with customers

Sale of goods	114,483	101,929	-	-
Sale of completed properties	51,962	2,891	3,535	2,891
Contract revenue	1,059	3,260	-	-
Services rendered:				
- logistic	-	1,266	-	-
- energy	23,404	23,712	-	-
	190,908	133,058	3,535	2,891

Revenue from leases

Leasing	35,738	31,648	-	-
	226,646	164,706	3,535	2,891

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

27. REVENUE (Cont'd)

	Energy services RM'000	Property development RM'000	Total RM'000
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Group**31 March 2020****Major product and service line**

Sale of goods	114,483	-	114,483
Sale of completed properties	-	51,962	51,962
Contract revenue	1,059	-	1,059
Leasing	35,738	-	35,738
Services rendered:			
- logistic	-	-	-
- energy	23,404	-	23,404
Revenue from external customers	174,684	51,962	226,646

Timing of revenue recognition

Transferred over time	60,201	-	60,201
Transferred at a point in time	114,483	51,962	166,445
Revenue from external customers	174,684	51,962	226,646

Company**31 March 2020****Major product and service line**

Sale of completed properties	-	3,535	3,535
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Timing of revenue recognition

Transferred at a point in time	-	3,535	3,535
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NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

27. REVENUE (Cont'd)

	Energy services RM'000	Property development RM'000	Total RM'000
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Group**31 March 2019****Major product and service line**

Sale of goods	101,929	-	101,929
Sale of completed properties	-	2,891	2,891
Contract revenue	3,260	-	3,260
Leasing	31,648	-	31,648
Services rendered:			
- logistic	1,266	-	1,266
- energy	23,712	-	23,712
Revenue from external customers	161,815	2,891	164,706

Timing of revenue recognition

Transferred over time	56,981	-	56,981
Transferred at a point in time	104,834	2,891	107,725
Revenue from external customers	161,815	2,891	164,706

Company**31 March 2019****Major product and service line**

Sale of completed properties	-	2,891	2,891
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Timing of revenue recognition

Transferred at a point in time	-	2,891	2,891
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NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

27. REVENUE (Cont'd)

a. Sale of goods

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customer and coincides with the delivery of products and acceptance by customers.

Some contracts for the sale of goods provide customers with a right of return the goods within a specified period. Under MFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate goods that will not be returned.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

b. Logistic and energy services income

Logistic and energy services income is recognised at a point in time and over time depending on the nature of the services. The income is recognised at a point in time when the products have been transferred or the services have been rendered to the customer and coincide with the delivery of products and services and acceptance by customers. The income is recognised over time as income when the customers receives and consumes the benefits.

c. Revenue from property development and construction contracts

Contracts with customers include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development and construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

d. Leasing

Revenue from operating lease is recognised over time throughout the leasing period. While, the revenue from finance lease is recognised over time throughout the leasing period and subsequently transfer the ownership of the asset to the lessee.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

27. REVENUE (Cont'd)

- e. Sale of completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

28. COST OF SALES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CONTINUING OPERATIONS				
Completed properties	49,391	2,633	3,186	2,633
Finished goods	85,914	78,364	-	-
Contract cost	1,189	3,184	-	-
Leasing	24,777	25,707	-	-
Services rendered				
- logistic	-	707	-	-
- energy	21,448	21,541	-	-
	182,719	132,136	3,186	2,633

29. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CONTINUING OPERATIONS				
Interest expense:				
- bank overdraft	59	19	-	-
- term loans	1,212	194	125	-
- other borrowings	355	541	156	454
Unwinding of discount (RCPS)	426	316	-	-
Others - facility fees	681	745	50	13
	2,733	1,815	331	467
Less: Interest capitalised	(1,057)	(194)	-	-
	1,676	1,621	331	467

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

30. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

CONTINUING OPERATIONS

Profit/(Loss) before tax is arrived at after charging:

Auditors' remuneration

Statutory audit

- BDO PLT	123	108	53	52
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- other BDO member firm	88	98	-	-
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Other services

- BDO PLT	46	54	40	54
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Fair value loss on derivatives	287	-	324	-
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Loss on disposal of subsidiaries	-	338	-	-
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Loss on disposal of property, plant and equipment	-	49	-	-
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Rental of:

- short term lease	2,894	67	-	-
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- low value lease	227	108	154	81
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Unrealised loss on foreign exchange	360	657	234	262
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And crediting:

Dividend income	-	-	10,800	34,366
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Fair value gain on derivatives	-	401	-	401
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Gain on disposal of subsidiaries	-	-	-	134
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Gain on disposal of property, plant and equipment	62	-	-	-
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Interest income received from:

- fixed deposits with licensed banks	873	530	232	366
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- short term funds	302	370	282	370
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- subsidiaries	-	-	2,189	3,152
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Realised gain on foreign exchange	587	387	539	60
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Management fees from subsidiaries	-	-	2,964	2,900
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NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

31. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

CONTINUING OPERATIONS

Current tax expense based on profit for the financial year

- Current year	3,524	3,407	-	-
- Under/(Over) provision in prior years	58	(451)	-	-
	3,582	2,956	-	-

Deferred tax (Note 11)

- Relating to origination and reversal of temporary differences	215	80	-	-
- Under/(Over) provision in prior year	84	(3)	-	-
	299	77	-	-
Total tax expense from continuing operations	3,881	3,033	-	-

- Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.
- Tax expense for other tax authorities are calculated at the rates prevailing in those respective jurisdictions.
- Numerical reconciliation 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:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

CONTINUING OPERATIONS

Profit/(Loss) before tax	8,362	(23,284)	5,489	26,976
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	2,007	(5,588)	1,317	6,474
Difference in tax rate	841	600	-	-
Non-allowable expenses	5,861	2,032	825	1,329
Non-taxable income	(5,755)	(432)	(2,626)	(8,468)
Tax incentive	(324)	(55)	-	-
Deferred tax assets not recognised	1,109	6,930	484	665
	3,739	3,487	-	-
Under/(Over) provision in prior years:				
- income tax	58	(451)	-	-
- deferred tax	84	(3)	-	-
	3,881	3,033	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

31. TAX EXPENSE (Cont'd)

- d. Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM'000	Tax effect RM'000	After tax RM'000

2020**Items that may be reclassified subsequently to profit or loss**

Foreign currency translations	343	-	343
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2019**Items that may be reclassified subsequently to profit or loss**

Foreign currency translations	(48)	-	(48)
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32. DISCONTINUED OPERATIONS

- a. On 15 May 2017, the Company had 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.
- b. An analysis of the results of the discontinued operations are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	-	2,263	-	2,274
Cost of sales	-	(941)	-	(941)
Gross profit	-	1,322	-	1,333
Other income	-	17	-	17
Expenses	-	(1,425)	-	(1,425)
Finance costs	-	(393)	-	(393)
Loss before taxation	-	(479)	-	(468)
Taxation	-	-	-	-
Loss for the financial year	-	(479)	-	(468)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

32. DISCONTINUED OPERATIONS (Cont'd)

- c. The following amounts have been included in arriving at loss before tax of the discontinued operations:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

Loss before tax is arrived at after charging:

Interest expenses	-	393	-	393
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And crediting:

Interest income received from:

- fixed deposits with licensed banks	-	14	-	14
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- d. The cash flows attributable to the discontinued operations are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000

(Outflow)/Inflow

Operating activities	-	(1,229)	-	(1,229)
Investing activities	-	85,170	-	85,170
Financing activities	-	(393)	-	(393)

- e. 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

31 March 2020

33. EARNINGS PER ORDINARY SHARE

a. Basic

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

	Group	
	2020 RM'000	2019 RM'000
Profit/(Loss) from continuing operations attributable to equity holders of the Company	2,480	(24,134)
Loss from discontinued operations attributable to equity holders of the Company	-	(479)
Profit/(Loss) attributable to equity holders of the Company	2,480	(24,613)
Weighted average number of ordinary shares in issue after deducting the treasury shares ('000)	134,919	134,919
Basic earnings per ordinary share (sen) for:		
Profit/(Loss) from continuing operations	1.84	(17.89)
Loss from discontinued operations	-	(0.36)
Profit/(Loss) for the financial year	1.84	(18.25)

b. Diluted

Diluted earnings/(loss) per ordinary share equal basic earnings/(loss) as there are no dilutive potential ordinary shares.

34. DIVIDENDS

On 23 April 2019, the Board of Directors has declared a interim single tier dividend of 3.0 sen per share in respect of financial year ended 31 March 2019 amounting to RM4.05 million which was recognised in financial year ended 31 March 2020. The dividend was paid on 17 May 2019.

On 29 April 2020, the Board of Directors has declared an interim single tier dividend of 1.25 sen per share in respect of financial year ended 2020 amounting to RM1.69 million. The financial statements for the financial year ended 31 March 2020 do not reflect this interim cash dividend, and is accounted for as an appropriation of retained earnings in the financial year ending 31 March 2021. The dividend was paid on 29 May 2020.

The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

35. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, wages, bonus and allowances	18,495	16,289	7,704	7,520
Defined contribution plan	1,713	1,621	800	924
Other employee benefits	1,084	961	688	531
	21,292	18,871	9,192	8,975

36. COMMITMENTS

Capital commitments

	Group	
	2020 RM'000	2019 RM'000
Approved and not contracted for		
Purchase of property, plant and equipment	3,522	7,350

37. CONTINGENT LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured				
Bank guarantee given to customers in respect of contracts in subsidiaries	6,020	2,443	-	-
Bank guarantee given to suppliers in respect of goods supplied to a subsidiary	1,000	17,071	-	-
	7,020	19,514	-	-
Unsecured				
Corporate guarantees given by the Company for credit facilities granted to the subsidiaries	-	-	80,591	20,493

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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

38. 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 7 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.

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:

	Company	
	2020 RM'000	2019 RM'000
Subsidiaries:		
Interest income	2,189	3,152
Dividend income	10,800	34,366
Rental income	-	11
Management fees	2,964	2,900

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 13 and 22 to the financial statements.

c. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

38. RELATED PARTY DISCLOSURES (Cont'd)

c. Key management personnel (Cont'd)

The remunerations of Directors of the Company during the financial year were as follows:

	Group/Company	
	2020 RM'000	2019 RM'000
Fees	372	372
Salaries	1,708	1,872
Other emoluments	1,161	796
	3,241	3,040

The remuneration of other key management personnel other than the Directors of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, bonus and allowance	3,318	4,358	1,677	2,971
Defined contribution plan	386	503	196	346
	3,704	4,861	1,873	3,317

39. OPERATING SEGMENTS

Operating segments are defined as components of the Group that:

- 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);
- 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
- 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:

- 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.
- The absolute amount of its reported profit or loss is ten per cent (10%) or more of the greater, in absolute amount of:
 - The combined reported profit of all operating segments that did not report a loss; and
 - The combined reported loss of all operating segments that reported a loss.
- Its assets are ten per cent (10%) or more of the combined assets of all operating segments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. OPERATING SEGMENTS (Cont'd)

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.

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.

The Group is principally engaged in energy services, property development, and property investment, investment holding activities and other management services activities.

The investment properties segment was reclassified as discontinued operations in the previous financial year as disclosed in Note 32 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 ended 31 March 2019.

During the financial year, the Group has restructured its engineering, construction and fabrication segment into energy services segment resulting in three (3) 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. Property development

Joint venture property development

b. Energy services

Trading, leasing and energy related services, engineering and fabrication.

c. Investment holdings and others

Investment holdings and management services activities

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. OPERATING SEGMENTS (Cont'd)

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Total RM'000
2020				
Revenue				
Total revenue	51,962	174,684	-	226,646
Inter-segment revenue	-	-	-	-
Discontinued operations (Note 32)	-	-	-	-
Revenue from external customers	51,962	174,684	-	226,646
Interest income	-	545	630	1,175
Finance costs	(548)	(795)	(333)	(1,676)
Lease interest	-	(2,277)	(26)	(2,303)
Net finance (expense)/income	(548)	(2,527)	271	(2,804)
Depreciation of property, plant and equipment	4	718	133	855
Amortisation of right-of-use assets	163	22,472	288	22,923
Amortisation of intangible assets	-	275	-	275
Total depreciation and amortisation	167	23,465	421	24,053
Segment (loss)/profit before tax	(580)	19,015	(10,073)	8,362
Segment assets	56,191	200,804	36,316	293,311
Segment liabilities	39,069	118,085	11,397	168,551
Other information:				
Additions to non-current assets other than financial instruments	13	85,745	22	85,780

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. OPERATING SEGMENTS (Cont'd)

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Total RM'000
2019				
Revenue				
Total revenue	2,891	162,023	2,274	167,188
Inter-segment revenue	-	(208)	(11)	(219)
Discontinued operations (Note 32)	-	-	(2,263)	(2,263)
Revenue from external customers	2,891	161,815	-	164,706
Interest income	98	80	722	900
Finance costs	(326)	(828)	(467)	(1,621)
Lease interest	-	(3,593)	(66)	(3,659)
Net finance income/(expense)	(228)	(4,341)	189	(4,380)
Depreciation of property, plant and equipment	-	637	170	807
Amortisation of right-of-use assets	65	26,176	501	26,742
Amortisation of intangible assets	-	193	-	193
Total depreciation and amortisation	65	27,006	671	27,742
Segment loss before tax	(8,593)	(1,903)	(12,788)	(23,284)
Segment assets	90,659	155,687	18,105	264,451
Segment liabilities	28,342	110,456	4,423	143,221
Other information:				
Additions to non-current assets other than financial instruments	7,852	107,108	6	114,966

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

39. OPERATING SEGMENTS (Cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2020 RM'000	2019 RM'000
Assets		
Total assets for reportable segments	293,311	264,451
Current tax assets	602	842
Deferred tax assets	225	76
Assets of the Group	294,138	265,369
Liabilities		
Total liabilities for reportable segments	168,551	143,221
Current tax liabilities	595	989
Deferred tax liabilities	727	283
Liabilities of the Group	169,873	144,493

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 and a part of its energy business that operates in Australia under ENRA Kimia (Australia) Pty. Ltd.'s Group are as follows:

	2020 RM'000	2019 RM'000
Segment assets:		
ENRA Kimia (Australia) Pty. Ltd.'s Group	9,946	20,292
ENRA Property (UK) Limited's Group	29,891	100,277
	39,837	120,569

Major customers

Other than a single customer who contributed about 61% (2019: 53%) to the revenue of the Group, there is no other customer who contributed significantly to the revenue of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

40. FINANCIAL INSTRUMENTS**a. Capital management**

The primary objective of the capital management of the Group and the Company is to ensure that the entities of the Group and the Company 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 and the Company remains unchanged from that in the financial year ended 31 March 2019.

The Group and the Company manage 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 and the Company 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 2019 and 31 March 2020.

The Group and the Company monitor capital using a gearing ratio, which is total external borrowings and divided by total equity. The policy of the Group and the Company is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's and the Company's gearing ratio is 0.82 times (2019: 0.14 times) and 0.06 times (2019: 0.02 times) respectively.

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 2020.

b. Determination of fair value

The methods and assumptions used to estimate fair values of financial assets and financial liabilities are 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. Contingent consideration for business acquisition

The fair value of contingent consideration for business acquisition is estimated by discounting the expected future cash flows at cost of borrowings of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

40. FINANCIAL INSTRUMENTS (Cont'd)

b. Determination of fair value (Cont'd)

iv. Land entitlement payment - non current

The fair value of land entitlement payment is estimated by the amount that would be payable upon settlement using a valuation technique with market observable inputs.

v. 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.

vi. Forward foreign currency selling contracts

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

c. Fair value hierarchy

Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- 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).
- 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 Group recognises transfers between levels of the fair value hierarchy as of the date of the event of change in circumstances that causes the transfers.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

40. FINANCIAL INSTRUMENTS (Cont'd)

- c. Fair value hierarchy (Cont'd)

The carrying amount of cash and cash equivalents, short term receivable and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2020										
Group										
Financial assets										
Derivative assets	-	225	-	225	-	-	-	-	225	225
Short term funds	23,947	-	-	23,947	-	-	-	-	23,947	23,947
Financial liabilities										
Contingent consideration for business acquisition	-	-	2,904	2,904	-	-	-	-	2,904	2,904
Land entitlement payment	-	-	9,450	9,450	-	-	-	-	9,450	9,450
RCPS	-	-	-	-	-	-	5,909	5,909	5,909	6,006
Company										
Financial assets										
Derivative assets	-	188	-	188	-	-	-	-	188	188
Short term funds	-	23,154	-	23,154	-	-	-	-	23,154	23,154

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

40. FINANCIAL INSTRUMENTS (Cont'd)

- c. Fair value hierarchy (Cont'd)

The table below analyses other financial instruments at fair value: (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2019										
Group										
Financial assets										
Derivative assets	-	512	-	512	-	-	-	-	512	512
Short term funds	6,236	-	-	6,236	-	-	-	-	6,236	6,236
Financial liabilities										
Contingent consideration for business acquisition	-	-	4,343	4,343	-	-	-	-	4,343	4,343
RCPS	-	-	-	-	-	-	5,573	5,573	5,573	5,580
Company										
Financial assets										
Derivative assets	-	512	-	512	-	-	-	-	512	512
Short term funds	-	6,236	-	6,236	-	-	-	-	6,236	6,236

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

40. FINANCIAL INSTRUMENTS (Cont'd)

c. Fair value hierarchy (Cont'd)

Level 3 fair value

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
Financial liabilities			
Contingent consideration for business acquisition	Discounted cash flows method	Discount rate (9.31%)	The higher the discount rate, the lower the fair value of the liabilities would be.
		The ability of ICE achieving its profit target	The fair value is derived with the assumption that ICE will achieve its profit target for the entire Guarantee period. Fair value will be lower in the event ICE could not achieve its profit target.
RCPS	Discounted cash flows method	Discount rate 5%	The higher the discount rate, the lower the fair value of the liabilities would be.

41. 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 credit risk, interest rate risk, liquidity and cash flow risk and foreign currency risk. Information on the management of the related exposures is detailed below.

i. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

i. Credit risk (Cont'd)

As at the end of the reporting period, other than the amounts owing by the subsidiaries amounting to RM40,871,000 (2019: RM60,182,000), which represent 88% (2019: 98%) of trade and other receivables of the Company, there is no significant concentration of credit risk of the Company.

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 13 to the financial statements.

ii. 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, lease liabilities 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.

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	
	2020 Profit / (Loss) after tax RM'000	2019 Profit / (Loss) after tax RM'000	2020 Profit / (Loss) after tax RM'000	2019 Profit / (Loss) after tax RM'000
Increase by 0.1% (2019: 0.1%)	(53)	3	43	54
Decrease by 0.1% (2019: 0.1%)	53	(3)	(43)	(54)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

ii. Interest rate risk (Cont'd)

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:

	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
Group									
At 31 March 2020									
Fixed rates									
Fixed deposits with licensed banks and short term funds	16	1.15	36,273	-	-	-	-	-	36,273
Term loans	25	6.42	30,296	27,802	399	508	3,013	1,296	63,314
RCPS liability	19	7.64	-	-	828	5,178	-	-	6,006
Lease liabilities	5	12.38	1,074	755	237	146	1,584	-	3,796
Floating rates									
Other borrowings	26	4.20	38,828	-	-	-	-	-	38,828
Bank overdrafts	24	-	-	-	-	-	-	-	-
At 31 March 2019									
Fixed rates									
Fixed deposits with licensed banks and short term funds	16	2.99	20,840	-	-	-	-	-	20,840
Term loans	25	10.20	9,778	-	-	-	-	-	9,778
RCPS liability	19	7.64	-	-	-	763	4,817	-	5,580
Lease liabilities	5	12.78	27,901	28,387	28,845	2,143	49	-	87,325
Floating rates									
Other borrowings	26	4.03	5,466	-	-	-	-	-	5,466
Bank overdrafts	24	7.85	683	-	-	-	-	-	683

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

ii. Interest rate risk (Cont'd)

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 (Cont'd):

	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
Company									
At 31 March 2020									
Fixed rates									
Fixed deposits with licensed banks and short term funds	16	0.71	25,254	-	-	-	-	-	25,254
Amounts due from subsidiaries	13	11.75	40,871	-	-	-	-	-	40,871
Lease liabilities	5	5.27	282	46	-	-	-	-	328
Term loan	25	15.00	5,000	-	-	-	-	-	5,000
Floating rates									
Other borrowings	26	7.41	4,000	-	-	-	-	-	4,000
At 31 March 2019									
Fixed rates									
Fixed deposits with licensed banks and short term funds	16	3.07	14,325	-	-	-	-	-	14,325
Amounts due from subsidiaries	13	6.41	60,182	-	-	-	-	-	60,182
Lease liabilities	5	5.27	479	378	115	-	-	-	972
Floating rates									
Other borrowings	26	7.27	3,000	-	-	-	-	-	3,000

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

iii. 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.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
--	--	---	---	-------------------------

2020**Group****Financial liabilities**

Trade and other payables	45,819	10,788	-	56,607
RCPS liability	-	8,096	-	8,096
Lease liabilities	1,437	2,722	-	4,159
Borrowings	73,264	33,227	1,361	107,852
Total undiscounted financial liabilities	120,520	54,833	1,361	176,714

Company**Financial liabilities**

Trade and other payables	6,058	-	-	6,058
Lease liabilities	292	46	-	338
Borrowings	9,106	-	-	9,106
Total undiscounted financial liabilities	15,456	46	-	15,502

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

iii. Liquidity and cash flow risks (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

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 (Cont'd).

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
--	---	-----------------------------------	---------------------------------	-----------------

2019

Group

Financial liabilities

Trade and other payables	31,776	2,613	-	34,389
RCPS liability	-	8,096	-	8,096
Lease liabilities	30,515	61,688	-	92,203
Borrowings	16,189	281	18	16,488
Total undiscounted financial liabilities	78,480	72,678	18	151,176

Company

Financial liabilities

Trade and other payables	5,516	-	-	5,516
Lease liabilities	516	509	-	1,025
Borrowings	3,029	32	-	3,061
Total undiscounted financial liabilities	9,061	541	-	9,602

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, receivables, payables and borrowings denominated in foreign currencies. At the end of reporting period, the Group holds bank balance denominated in foreign currencies as disclosed in Note 16(e) to the financial statements.

The Group is also exposed to foreign currency risk in respect of the overseas subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

iv. Foreign currency risk (Cont'd)

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 of exchange rates in the US Dollar ("USD"), British Pound ("GBP"), Australian Dollar ("AUD"), Euro and Singapore Dollar ("SGD") against 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.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) after tax				
USD/RM - strengthen by 3% (2019: 3%)	17	71	-	-
- weaken by 3% (2019: 3%)	(17)	(71)	-	-
GBP/RM - strengthen by 3% (2019: 3%)	(467)	(408)	200	1,194
- weaken by 3% (2019: 3%)	467	408	(200)	(1,194)
AUD/RM - strengthen by 3% (2019: 3%)	(69)	(40)	-	-
- weaken by 3% (2019: 3%)	69	40	-	-
EURO/RM - strengthen by 3% (2019: 3%)	(136)	-	-	-
- weaken by 3% (2019: 3%)	136	-	-	-
SGD/RM - strengthen by 3% (2019: 3%)	1	1	-	-
- weaken by 3% (2019: 3%)	(1)	(1)	-	-

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARa. Development on claim against Gemula Sdn. Bhd.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

a. Development on claim against Gemula Sdn. Bhd. (Cont'd)

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

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

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

(collectively "Adjudication Decision").

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

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

On 8 January 2019, the High Court held:

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

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

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

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

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

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

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

In short, the written orders of the High Court for the enforcement of the Adjudication Decision is in favour of EEFAB and the winding up of Gemula has been obtained and remains valid.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)b. Acquisition of a vessel ("Ratu ENRA")

On 8 January 2020, ENRA SPM Labuan Ltd. ("ESPML") a wholly-owned direct subsidiary of ESPM, in which the Group holds a 60% stake, while SPM Terminals Pty. Ltd. ("SPMT") hold the remaining 40%, has completed the purchase of a tanker known as Maersk Edgar in accordance to Memorandum of Agreement (MOA) entered into between ESPML with Maersk Product Tankers A/S, a Copenhagen based company, on 7 October 2019.

Maersk Edgar was subsequently renamed Ratu ENRA.

Ratu ENRA is a double hull oil and chemical tanker with a net tonnage of 10,216 tonnes, was acquired for US\$9.3 million or RM38.87 million equivalent and an additional modification works awarded for a total contract value of USD1.82 million or RM7.59 million equivalent are financed via a combination of internally-generated funds and external borrowings.

c. Acquisition of Single Point Mooring Buoy System ("Buoy")

On 18 Feb 2020, ESPML has entered into an agreement to purchase a CALM Buoy Banner HEX 06 together with ancillary equipment (collectively "Buoy") from SPMT and has completed the payments for a total consideration of USD3.5 million via a combination of internally generated funds and external borrowings. This Buoy will be deployed together with Ratu ENRA for an existing offshore contract with a client until 26 April 2022.

d. COVID-19 Pandemic

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

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

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIODa. Termination of Shareholder Agreement in relation to investment in joint venture.

On 10 July 2020, Emrail Sdn. Bhd., has served its 14 days notice to terminate the Shareholder Agreement previously entered into between Emrail Sdn. Bhd. and EEC in relation to the Groups' investment in joint venture in EEM.

On 23 July 2020, a Deed of Termination was entered into between Emrail Sdn. Bhd. and EEC to terminate the Shareholder Agreement. Pursuant to the termination, EEC acquires the remaining 49% equity interest in EEM previously held by Emrail Sdn. Bhd. for RM49 in cash, making EESB a wholly owned indirect subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (Cont'd)

b. Claim against ESPML

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

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

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

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

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

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

c. COVID-19 Pandemic

As at the date of authorisation of the financial statements, the COVID-19 situation is still evolving and unpredictable. Consequently, the Group and the Company are unable to estimate the financial effects of COVID-19 pandemic at this juncture. The Group and the Company are actively monitoring and managing the operations of the Group and of the Company to minimise any impact arising from the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2020

44. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS**44.1 New MFRSS adopted during the financial year**

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

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

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

44.2 New MFRSS that have been issued, but only effective for annual years beginning on or after 1 January 2020

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101 <i>Classification of liabilities as Current or Non-Current</i>	1 January 2022
<i>Annual Improvements to MFRS Standards 2018 – 2020</i>	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
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 and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.

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 March 2020 (RM'000)	Asset Category
Condominium units:				4 years	4,560	Inventories
C-35-03A	873	Residential unit for sale	Leasehold			
C-23A-08	873	Residential unit for sale	Leasehold			
R-09-03A	1,054	Residential unit for sale	Leasehold			
C-10-03A	1,054	Residential unit for sale	Leasehold			
R-08-01	1,272	Residential unit for sale	Leasehold			
R-13A-03A	1,054	Residential unit for sale	Leasehold			
R-08-12	1,272	Residential unit for sale	Leasehold			
located at Shamelin Star Residences, 36A, Jalan 4/91, Taman Shamelin Perkasa, 56100 Kuala Lumpur (owned by ENRA Group Berhad)						
Marjorie Hume House, Church Walk, Church Street, Rugby, the United Kingdom, held under title WK205515 (owned by Caldecott Square Rugby Limited)	N/A	Vintage building for redevelopment	Freehold	131 years	23,076	Inventories
Herbert Gray College, Little Church Street, Rugby, the United Kingdom, held under title WK167310 (owned by Caldecott Square Rugby Limited)	N/A	Vintage building for redevelopment	Freehold	171 years		
St Andrew's Church House, Church Walk, Church Street, Rugby, the United Kingdom, held under title WK462131, held under title WK462131 (owned by Abode Caldecott Square Development Limited)	N/A	Vintage building for redevelopment	Freehold	81 years		

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 March 2020 (RM'000)	Asset Category
1 Freehold Title held under Title Number: NGL748650						
Freehold title	N/A	Freehold title for sale	Freehold	214 years	518	Inventories
in a 5 storey Grade II Listed Building known as 93 Great Titchfield Street, W1W 6RP London, United Kingdom. (owned by Fitzrovia Development Limited)						
Leasehold land under title: PN 9958, Lot 6120 Mukim Teluk Kalung Daerah Kemaman Negeri Terengganu (owned by ENRA Kimia Sdn. Bhd.)	10,017 square meter (2.475 acres)	Industrial land	Leasehold until 26 Dec 2070	N/A	1,234	Right-of-use Asset
Leasehold land (yet to be reclaimed), under title Pajakan Negeri No. Hakmilik 11169, Lot 30648, Daerah Wilayah Persekutuan Labuan. (owned by ENRA Labuan Sdn. Bhd.)	60 acres (24.28 hectares)	Undersea land (yet to be reclaimed)	Leasehold until 26 May 2076	N/A	9,218	Right-of-use Asset
Land together with any improvements and fixtures on or under the Land known as 18-20 Kilkennt Court, Dandenong VIC 3175, Melbourne, Australia. Land title volume 11814 folio 354. (owned by ENRA Kimia (Australia) Pty. Ltd.)	5,705 square feet (0.13 acres)	Office, warehouse and chemical storage for International Chemicals Engineering Pty. Ltd.	Freehold	N/A	4,074	Property, plant and equipment

ANALYSIS OF SHAREHOLDINGS

As at 6 August 2020

Issued Share Capital : 134,918,543 Ordinary Shares
Voting Rights : 1 Vote per Ordinary Share

SHAREHOLDINGS DISTRIBUTION

Size of Shareholdings	No. of Shareholders	%*	No. of Shares	%*
Less than 100 shares	286	14.61	7,013	0.01
100 to 1,000 shares	1,162	59.38	776,555	0.58
1,001 to 10,000 shares	398	20.34	1,324,117	0.98
10,001 to 100,000 shares	66	3.37	2,215,973	1.64
100,001 to less than 5% of issued shares	40	2.04	71,232,885	52.80
5% and above of issued shares	5	0.26	59,362,000	44.00
Total	1,957	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 for Trillion Icon Sdn. Bhd. (PB)</i>	16,962,000	12.57
2.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mizreen Capital Sdn. Bhd. (MBB HK-417261)</i>	13,400,000	9.93
3.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Carrillo Capital Sdn. Bhd. (PB)</i>	10,000,000	7.41
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Amira Properties Sdn. Bhd. (PB)</i>	9,500,000	7.04
5.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Accentvest Sdn. Bhd. (PB)</i>	9,500,000	7.04
6.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for Maybank Kim Eng Securities Pte. Ltd. (A/C 649063)</i>	6,157,400	4.56
7.	Kumpulan Wang Persaraan (diperbadankan)	6,068,000	4.50
8.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Paling Terbilang Sdn. Bhd. (PB)</i>	6,000,000	4.45
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Kamaluddin bin Abdullah (PB)</i>	5,350,000	3.97
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Urusharta Jamaah Sdn. Bhd. (AFFIN 1)</i>	4,979,000	3.69
11.	Ambank (M) Berhad <i>Pledged securities account for Ali bin Abdul Kadir (SMART)</i>	4,750,000	3.52
12.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Loh Chen Yook (8089132)</i>	4,500,000	3.34
13.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Credit Cuisse (SG BR-TST-Asing)</i>	4,138,585	3.07

ANALYSIS OF SHAREHOLDINGS

As at 6 August 2020

THIRTY LARGEST SHAREHOLDERS (Cont'd)

No.	Name of Shareholders	No. of Shares	%*
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 & Leasing Sdn. Bhd. for New Lake Investments Limited</i>	3,000,000	2.22
16.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mizreen Capital Sdn. Bhd. (M&A)</i>	2,373,700	1.76
17.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Azmil Khalili bin Khalid</i>	2,100,000	1.56
18.	Sharifah Salwa binti Syed Kamaruddin	2,000,000	1.48
19.	Lam Fook Weng	1,597,900	1.18
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Yau Kok Seng (001)</i>	1,570,000	1.16
21.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Tan Kian Aik (8058967)</i>	1,350,000	1.00
22.	RHB Nominees (Asing) Sdn. Bhd. <i>Exempt AN for RHB Securities Singapore Pte. Ltd. (A/C Clients)</i>	1,240,000	0.92
23.	Anuar bin Ahmad	1,000,000	0.74
24.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Wee Yiau Hin @ Ong Yiau Hin (PB)</i>	1,000,000	0.74
25.	Trillion Icon Sdn. Bhd.	1,000,000	0.74
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Intelek Kuasa Sdn. Bhd. (PB)</i>	750,000	0.56
27.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte. Ltd. For Cheah Teik Seng</i>	719,400	0.53
28.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Maybank Kim Eng Securities Pte. Ltd. (A/C 648849)</i>	682,600	0.51
29.	Khoo Chang Chiang	664,700	0.49
30.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Intelek Kuasa Sdn. Bhd. (PB)</i>	650,000	0.48
Total		126,003,285	93.39

* Excluding a total of 1,289,400 ordinary shares bought back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS

As at 6 August 2020

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares Held			
		Direct Interest	%*	Indirect Interest	%*
1.	Tan Sri Dato' Kamaluddin bin Abdullah	5,357,629	3.97	35,362,000 ^a	26.21
2.	Luminor Pacific Fund 1 Ltd.	-	-	19,000,000 ^b	14.08
3.	Dato' Mazlin bin Md Junid	-	-	15,773,700 ^c	11.69
4.	Izreen Natalia binti Mazlin	-	-	15,773,700 ^c	11.69
5.	Ikhmal Mirza bin Mazlin	-	-	15,773,700 ^c	11.69
6.	Trillion Icon Sdn. Bhd.	17,962,000	13.31	-	-
7.	Mizreen Capital Sdn. Bhd.	15,773,700	11.69	-	-
8.	Accentvest Sdn. Bhd.	9,500,000	7.04	-	-
9.	Amira Properties Sdn. Bhd.	9,500,000	7.04	-	-
10.	Chua Ming Huat	6,157,400	4.56	3,682,600 ^e	2.73
11.	Carrillo Capital Sdn. Bhd.	10,000,000	7.41	-	-

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS

No.	Name of Directors	No. of Shares Held			
		Direct Interest	%*	Indirect Interest	%*
1.	Datuk Ali bin Abdul Kadir	4,750,000	3.52	-	-
2.	Tan Sri Dato' Kamaluddin bin Abdullah	5,357,629	3.97	35,362,000 ^a	26.21
3.	Dato' Mazlin bin Md Junid	-	-	15,773,700 ^c	11.69
4.	Kok Kong Chin	3,000,000	2.22	-	-
5.	Tan Sri Dato' Seri Shamsul Azhar bin Abbas	-	-	2,000,000 ^d	1.48
6.	Datuk Anuar bin Ahmad	1,000,000	0.74	-	-
7.	Dato' Wee Yiau Hin	1,000,000	0.74	-	-
8.	Loh Chen Yook	4,571,300	3.39	-	-

Notes:

- a Indirect interest held through Trillion Icon Sdn. Bhd., Paling Terbilang Sdn. Bhd., Intelek Kuasa Sdn. Bhd. and Carrillo Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- b Indirect interest held through Accentvest Sdn. Bhd. and Amira Properties Sdn. Bhd. pursuant to Section 8(4) of the Act.
- c Indirect interest held through Mizreen Capital Sdn. Bhd. pursuant to Section 8(4) of the Act.
- d Indirect interest held through his spouse, Puan Sri Sharifah Salwa Syed Kamaruddin's direct interest in the Company pursuant to Section 59(11)(c) of the Act.
- e Indirect interest held through KCT Investments, Inc, Summit Investment Partners Limited, and New Lake Investments Limited pursuant to Section 8(4) of the Act.
- * Excluding 1,289,400 ordinary shares bought back by the Company and retained as treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth (28th) Annual General Meeting of ENRA Group Berhad ("Company") will be conducted **fully virtual only and live-streamed** for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform : <https://web.lumiagm.com/>

Day and Date : Friday, 25 September 2020

Time : 10.00 a.m.

Broadcast Venue : 12th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Mode of Communication : 1) Typed text in the Meeting Platform

2) Alternatively, you may submit your questions to ir@enra.my by 10.00 a.m. on 23 September 2020 (48 hours before the commencement of the 28th AGM) and the Board will endeavour to respond to the questions submitted during the 28th AGM.

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. To re-elect Datuk Ali bin Abdul Kadir who retires in accordance with Clause 18.3 of the Constitution of the Company. | (Ordinary Resolution 1) |
| 3. To re-elect Tan Sri Dato' Seri Shamsul Azhar bin Abbas who retires in accordance with Clause 18.3 of the Constitution of the Company. | (Ordinary Resolution 2) |
| 4. To re-elect Dato' Mazlin bin Md Junid who retires in accordance with Clause 18.3 of the Constitution of the Company. | (Ordinary Resolution 3) |
| 5. To approve the Directors' fees and benefits payable to the Non-Executive Directors of up to RM500,000 with effect from 26 September 2020 until the next Annual General Meeting of the Company. | (Ordinary Resolution 4) |
| 6. To re-appoint Messrs. BDO PLT as Auditors of the Company for the financial year ending 31 March 2021 and to authorise the Directors to fix their remuneration. | (Ordinary Resolution 5) |

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions, with or without modifications:

- | | |
|---|-------------------------|
| 7. Proposed renewal of authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 | (Ordinary Resolution 6) |
|---|-------------------------|

"THAT subject always to the Companies Act, 2016, the Constitution of the Company and approval of governmental and/or regulatory authorities (if any), the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016 to issue and allot shares in the Company at any time 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.

NOTICE OF ANNUAL GENERAL MEETING

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 and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed renewal of authority for the purchase by the Company of its own shares**

(Ordinary
Resolution 7)

"THAT subject always to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Constitution of the Company and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best 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 total 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 or such other manner as allowed under the Companies Act 2016.

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

- a. 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;
- b. the expiration of the period within which the next AGM after that date is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

NOTICE OF ANNUAL GENERAL MEETING

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."

9. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

(Ordinary Resolution 8)

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Constitution of the Company, approval be and is hereby given to ENRA Group Berhad and its subsidiary companies to enter into the Recurrent Related Party Transactions as described in the Circular to Shareholders dated 27 August 2020 with the related parties mentioned therein PROVIDED THAT:

- a. the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- b. disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

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

- a. the conclusion of the next Annual General Meeting of the Company following the general meeting, at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- b. the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

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

By Order of the Board

CHIN SOO CHING (MAICSA 7042265 / SSM Practicing Certificate No. 202008002101)
TAI YIT CHAN (MAICSA 7009143 / SSM Practicing Certificate No. 202008001023)
TAN LAI HONG (MAICSA 7057707 / SSM Practicing Certificate No. 202008002309)
Company Secretaries

Kuala Lumpur
27 August 2020

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

PROXY:

1. The 28th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Boardroom Share Registrars Sdn. Bhd. at <http://web.lumiagm.com>. Please follow the procedures as set in the Administrative guide in order to register, participate and vote remotely via RPV facilities.
2. The venue of the 28th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of Meeting to be present at the main venue. **No shareholders/proxy(ies) from the public shall be physically present at nor admitted to the Broadcast Venue.**
3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 September 2020 (General Meeting Record of Depositors) shall be eligible to participate and vote at this 28th AGM or appoint a proxy to participate and vote on his behalf. A proxy may but need not be a member of the Company.
4. 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 participate 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.
5. 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.
6. 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.
7. The Form of Proxy must be completed, signed and deposited with Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or adjourned meeting. Alternatively, the Form of Proxy can be deposited electronically through Boardroom Smart Investor Portal at <https://www.boardroomlimited.my> before the Form of Proxy lodgement cut-off time as mentioned above.

EXPLANATORY NOTES ON ORDINARY BUSINESS:

1. Audited Financial Statements

Agenda item no. 1 is meant for discussion only pursuant to Section 340(1)(a) of the Companies Act, 2016 and will not be put forward for voting.

2. Non-Executive Directors' ("NEDs") Remuneration

- a. At the 27th AGM of the Company held on 19 September 2019, the shareholders had approved the payment of Directors' fees and benefits (meeting allowance) to the NEDs up to RM500,000 for the period from the conclusion of the 27th AGM until the conclusion of the 28th AGM.

Total amount of the Directors' fees and benefits (meeting allowance) utilised for the said period (12 months) based on the remuneration policy for NEDs was RM452,000, which was about 90% of the approved amount.

- b. Ordinary Resolution No. 4 is to seek shareholders' approval for the Directors' fees and benefits payable to the NEDs for the period commencing from the conclusion of this AGM until the next Annual General Meeting of the Company.

The amount proposed is computed based on the approved remuneration policy for NEDs, anticipated number of meetings and assumption that all NEDs will remain in office until the 29th AGM with full attendance at the relevant meetings. The fees and meeting allowances will be paid to the NEDs upon completion of service on a quarterly basis.

Any NEDs who are shareholders of the Company will abstain from voting on Ordinary Resolution No. 4 at the 28th AGM.

Details of the Directors' fees and benefits paid to the NEDs for the financial year ended 31 March 2020 are published in the Corporate Governance Report which is available on the Company's corporate website at www.enra.my.

3. Re-appointment of Auditors

The Audit and Risk Management Committee ("ARMC") was satisfied that, based on the annual assessment conducted, Messrs BDO PLT meets the criteria as prescribed under Paragraph 15.21 of the Main Market Listing Requirements. The Board at its meeting held on 27 July 2020 agreed with the recommendation from the ARMC for shareholders' approval to be sought at the 28th AGM on the re-appointment of Messrs BDO PLT as external auditors of the Company for the financial year ending 31 March 2021.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

4. **Authority to allot shares**

The Company had, at the 27th Annual General Meeting held on 19 September 2019, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016. At the date of this notice, the Company has not issued any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 6 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 next Annual General Meeting of the Company.

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.

5. **Proposed Share Buy-Back Authority**

The proposed Ordinary Resolution 7, if passed, would empower the Directors of the Company to purchase such amount of ordinary shares in the Company from time to time on the market of Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

This 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 29th AGM of the Company or the expiration of the period within which the 29th AGM is required by law to be held, whichever occurs first.

Further information on the Proposed Share Buy-Back Authority is set out in the Circular to Shareholders that will be delivered in due course.

6. **Proposed Shareholders' Mandate**

The proposed adoption of Resolution 8 is to obtain new Shareholders' Mandate for Recurrent Related Party Transactions. The New Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. Further information on the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders of the Company that will be delivered in due course.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, 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 28TH ANNUAL GENERAL MEETING

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

No notice in writing has been received by the Company nominating any candidate for election as Director at the 28th AGM of the Company. The Directors who are due for retirement and seeking for re-election pursuant to the Company's Constitution are as set out in the Notice of 28th AGM and their profile are set out in the Directors' Profile in the Annual Report 2020.

Authority for Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016

This is a mandate to be obtained from the shareholders of the Company to empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

This authority unless revoked or varied by the Company at a general meeting will expire at the next AGM.

The Board is of the view that this mandate is in the best interest of the Company as it would provide flexibility to the Company for any possible fund-raising exercise, including but not limited for further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 27th AGM held on 19 September 2019 and which will lapse at the conclusion of the 28th AGM to be held on 25 September 2020.

CDS Account No.	
No. of Shares Held	

I/We _____ NRIC No./Passport No./Company No. _____
of _____
contact number: _____ email address: _____ being a member/
members of ENRA GROUP BERHAD, hereby appoint _____ NRIC No./Passport No.:
_____ of _____
contact number: _____ email address: _____ or failing whom,
_____ NRIC No./Passport No. _____ of _____
contact number: _____ email address: _____
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-Eighth (28th) Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue of 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 25 September 2020 at 10:00 a.m. and at any adjournment thereof in the manner as indicated below:

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Datuk Ali bin Abdul Kadir as Director of the Company.		
2	To re-elect Tan Sri Dato' Seri Shamsul Azhar bin Abbas as Director of the Company.		
3	To re-elect Dato' Mazlin bin Md Junid as Director of the Company.		
4	To approve an amount of up to RM500,000 as fees and benefits payable to the Non-Executive Directors.		
5	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6	To approve authority for Directors to issue shares.		
7	To approve proposed renewal of authority for the purchase by the Company of its own shares.		
8	To approve proposed new shareholders' mandate for recurrent related party transactions		

(Please indicate with an "X" in the space provided above 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 _____ 2020

Signature of Member/Common Seal

For appointment of two (2) proxies, proportion of shareholdings to be represented by the two (2) proxies is as follows: -		
No. of Shares		Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

- The 28th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Boardroom Share Registrars Sdn. Bhd. at <http://web.lumiagm.com>. Please follow the procedures as set in the Administrative guide in order to register, participate and vote remotely via RPV facilities.
- The venue of the 28th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of Meeting to be present at the main venue. **No shareholders/proxy(ies) from the public shall be physically present at nor admitted to the Broadcast Venue.**
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 September 2020 (General Meeting Record of Depositors) shall be eligible to participate and vote at this 28th AGM or appoint a proxy to participate 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 participate 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 Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or adjournment meeting. Alternatively, the Form of Proxy can be deposited electronically through Boardroom Smart Investor Portal at <https://www.boardroomlimited.my> before the Form of Proxy lodgement cut-off time as mentioned above.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, 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.

Fold this flap for sealing

Then fold here



Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan

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