

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 / 9 / 2019 RM ' 000	As at 31 / 3 / 2019 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	15,165	14,523
Right of use assets	56,299	85,077
Investment in an associate	-	17
Investment in a joint venture	-	-
Deferred tax assets	74	76
Intangible assets	4,134	4,272
Goodwill	12,940	12,934
	<u>88,612</u>	<u>116,899</u>
Current assets		
Inventories	53,643	83,270
Trade and other receivables	35,208	33,881
Derivative assets	-	512
Current tax assets	1,956	842
Cash and cash equivalents	53,465	29,965
	<u>144,272</u>	<u>148,470</u>
TOTAL ASSETS	<u>232,884</u>	<u>265,369</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	144,744	144,744
Redeemable convertible preference shares equity	2,886	2,886
Reserves	(28,204)	(24,555)
	<u>119,426</u>	<u>123,075</u>
Non-controlling interests	<u>(1,083)</u>	<u>(2,199)</u>
Total equity	<u>118,343</u>	<u>120,876</u>
Non-current liabilities		
Deferred tax liabilities	283	283
Trade and other payables	1,425	2,613
Borrowings	193	282
Leasing liabilities	23,606	59,144
Redeemable convertible preference shares liability	5,790	5,580
	<u>31,297</u>	<u>67,902</u>
Current liabilities		
Trade and other payables	28,380	31,776
Derivative liabilities	-	-
Borrowings	21,235	16,168
Leasing liabilities	32,737	27,658
Current tax liabilities	892	989
	<u>83,244</u>	<u>76,591</u>
Total liabilities	<u>114,541</u>	<u>144,493</u>
TOTAL EQUITY AND LIABILITIES	<u>232,884</u>	<u>265,369</u>
Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)	<u>0.89</u>	<u>0.91</u>

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

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarters	
	30 / 9 / 2019	30 / 9 / 2018	30 / 9 / 2019	30 / 9 / 2018
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Continuing operations				
Revenue	42,085	36,162	93,554	103,009
Cost of sales	(31,939)	(29,007)	(74,322)	(82,634)
Gross profit	10,146	7,155	19,232	20,375
Other operating income	834	1,679	1,424	2,720
Operating expenses	(8,288)	(7,516)	(16,128)	(15,375)
Profit from operations	2,692	1,318	4,528	7,720
Lease interest expense	(410)	(1,271)	(1,182)	(1,880)
Finance cost	(246)	(357)	(583)	(1,194)
Share of results of an associate	(17)	(60)	(17)	26
Share of results of a joint venture	-	-	-	-
Profit/(loss) before taxation	2,019	(370)	2,746	4,672
Taxation	(66)	(327)	(603)	(2,291)
Profit/(Loss) for the financial period from continuing operations	1,953	(697)	2,143	2,381
Discontinued operations				
Profit/(Loss) for the financial period from discontinued operations, net of tax	-	10	-	(181)
Profit/(Loss) for the financial period	1,953	(687)	2,143	2,200
Other comprehensive (loss)/income, net of tax				
Foreign currency translation differences for foreign operations	(240)	(6)	(584)	18
Total comprehensive income/(loss) for the financial period	1,713	(693)	1,559	2,218
Profit/(Loss) attributable to:-				
Equity holders of the Company	703	(494)	812	1,687
Non-controlling interests	1,250	(193)	1,331	513
	1,953	(687)	2,143	2,200
Total comprehensive income/(loss) attributable to:-				
Equity holders of the Company	541	(496)	399	1,706
Non-controlling interests	1,172	(197)	1,160	512
	1,713	(693)	1,559	2,218
Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):				
(a) Basic				
Profit/(Loss) from continuing operations	0.52	(0.37)	0.60	1.38
Profit/(Loss) from discontinued operations	-	0.01	-	(0.13)
	0.52	(0.36)	0.60	1.25
(b) Fully diluted				
	n/a	n/a	n/a	n/a

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

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	----- Attributable to equity holders of the Company -----								
	----- Non-distributable -----				-----Distributable-----				
	Share Capital RM ' 000	Redeemable Convertible Preference Shares RM ' 000	Capital Reserves RM ' 000	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000	Retained Earnings RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	Total Equity RM ' 000
Financial period ended 30 September 2019									
As at 1 April 2019	144,744	2,886	275	53	(1,199)	(23,684)	123,075	(2,199)	120,876
Profit for the financial period	-	-	-	-	-	812	812	1,331	2,143
Other comprehensive loss, net of tax	-	-	-	(413)	-	-	(413)	(171)	(584)
Total comprehensive (loss)/income	-	-	-	(413)	-	812	399	1,160	1,559
Dividends to equity holders of the Company	-	-	-	-	-	(4,048)	(4,048)	-	(4,048)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(160)	(160)
Issue of shares by subsidiaries to a non-controlling interest	-	-	-	-	-	-	-	116	116
Total transactions with owners	-	-	-	-	-	(4,048)	(4,048)	(44)	(4,092)
As at 30 September 2019	144,744	2,886	275	(360)	(1,199)	(26,920)	119,426	(1,083)	118,343
Financial period ended 30 September 2018									
As at 1 April 2018	144,744	409	275	92	(1,199)	7,000	151,321	13,724	165,045
Profit for the financial period	-	-	-	-	-	1,687	1,687	513	2,200
Other comprehensive income/(loss), net of tax	-	-	-	19	-	-	19	(1)	18
Total comprehensive income	-	-	-	19	-	1,687	1,706	512	2,218
Disposal of a subsidiary	-	-	-	-	-	-	-	(2,707)	(2,707)
Dividends to equity holders of the Company	-	-	-	-	-	(6,071)	(6,071)	-	(6,071)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(11,577)	(11,577)
Issuance of redeemable convertible preference shares	-	2,724	-	-	-	-	2,724	-	2,724
Total transactions with owners	-	2,724	-	-	-	(6,071)	(3,347)	(14,284)	(17,631)
As at 30 September 2018	144,744	3,133	275	111	(1,199)	2,616	149,680	(48)	149,632

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

ENRA GROUP BERHAD
(Company No. 236800-T)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarters ended	
	30 / 9 / 2019	30 / 9 / 2018
	RM ' 000	RM ' 000
Cash flows from operating activities		
Profit/(loss) before taxation		
- continuing operations	2,746	4,672
- discontinued operations	-	(181)
Adjustments for non-cash items:		
Written back of provision for impairment loss on trade receivables	(338)	(254)
Depreciation of property, plant and equipment	547	454
Depreciation of right of use assets	9,846	12,169
Amortisation of intangible assets	138	-
Fair value loss on derivatives	512	144
Loss on disposal of subsidiaries	-	338
Loss on disposal of property, plant and equipment	-	7
Unrealised loss on foreign exchange	558	540
Unwinding of redeemable convertible preference shares discount	-	122
Fair value changes on contingent consideration	(126)	-
Share of results of an associate	17	(26)
Share of results of a joint venture	-	-
Lease interest expense	1,182	1,880
Interest expense	583	1,465
Interest income	(589)	(504)
Operating profit before changes in working capital	15,076	20,826
Changes in working capital	22,562	92,975
Tax paid	(1,429)	(623)
Net cash generated from operating activities	36,209	113,178
Cash flows from investing activities		
Interest received	589	504
Placement of pledged deposits	(1,819)	(2,287)
Proceeds from disposal of property, plant and equipment	78	197
Net outflows on disposal of a subsidiary	-	(2,445)
Acquisition of:		
- right of use assets	(2)	(23)
- property, plant and equipment	(1,200)	(10,035)
- subsidiaries, net of cash	(77)	(3,388)
Net cash used in investing activities	(2,431)	(17,477)
Cash flows from financing activities		
Interest paid	(373)	(1,465)
Dividends paid to:		
- equity holders of the Company	(4,048)	(6,071)
- non-controlling interests	(160)	(11,577)
Issuance of redeemable convertible preference shares	-	7,038
Net drawdown/(repayment) of borrowings	4,413	(56,879)
Repayment of lease liabilities MFRS 16	(12,769)	(13,089)
Net cash used in financing activities	(12,937)	(82,043)
Net increase in cash and cash equivalents	20,841	13,658
Cash and cash equivalents at beginning of financial period	22,836	21,970
Effect of foreign currency exchange rate changes	(139)	(8)
Cash and cash equivalents at end of financial period	43,538	35,620
Cash and cash equivalents comprise:-		
Cash and bank balances	53,465	43,705
Less: Bank overdrafts	(1,662)	-
Fixed deposits pledged to licensed banks	(8,265)	(8,085)
	43,538	35,620

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

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

1 Basis of preparation

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

2 Changes in Significant Accounting Policies

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

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

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

Title:	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Business Combinations - Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements - Definition of Material</i>	1 January 2020
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Materials</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Financial Instruments - Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

3 Qualification of auditors' report on preceding annual financial statements

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

4 Seasonal and cyclical factors

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

5 Unusual items due to their nature, size and incidence

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

6 Changes in estimates

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

7 Debt and equity securities

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

8 Dividends paid to equity holders of the Company

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

9 Revenue

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

	Cumulative Quarters	
	30 / 9 / 2019	30 / 9 / 2018
	RM'000	RM'000
Products and services:		
Sale of completed properties	32,666	-
Sale of trading goods	31,175	73,158
Contract revenue	-	751
Leasing	16,962	20,999
Services rendered:		
- logistics	-	1,040
- energy	12,751	7,061
	<u>93,554</u>	<u>103,009</u>
Timing of revenue recognition:		
At a point in time	64,160	75,840
Over time	29,394	27,169
	<u>93,554</u>	<u>103,009</u>

10 Segmental information

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 September 2019				
Results from continuing operations:				
Revenue				
- External	32,666	60,888	-	93,554
Results				
Operating profit/(loss)	288	8,412	(4,778)	3,922
Interest income				589
Lease interest expense				(1,182)
Finance cost				(583)
Tax expense				(603)
Profit for the financial period from continuing operations				<u>2,143</u>
Results from discontinued operations				
Profit for the financial period from discontinued operations, net of tax				-
Profit for the financial period				<u>2,143</u>

	Property development RM'000	Energy services RM'000	Investment holdings and others RM'000	Consolidated RM'000
Financial period ended 30 September 2018				
Results from continuing operations				
Revenue				
- External	-	103,009	-	103,009
Results				
Operating profit/(loss)	1,382	12,154	(6,280)	7,256
Interest income				490
Lease interest expense				(1,880)
Finance cost				(1,194)
Tax expense				(2,291)
Profit for the financial period from continuing operations				<u>2,381</u>
Results from discontinued operations				
Loss for the financial period from discontinued operations, net of tax				<u>(181)</u>
Profit for the financial period				<u><u>2,200</u></u>

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

Starting from 1 April 2019, the engineering, construction and fabrication ("ECF") division has been amalgamated into the energy services division as all current business activities of the ECF division are related to energy services business.

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

11 Changes in the composition of the Group

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

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

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

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

	30 / 9 / 2019 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	<u>237</u>
Goodwill on consolidation	6
Non-controlling interests	(116)
Purchase consideration satisfied by cash	<u>127</u>
Cash and cash equivalents acquired	<u>(50)</u>
Cash outflow on acquisition of subsidiaries	<u><u>77</u></u>

- (ii) On 3 September 2019, the Company has made internal restructuring involving a transfer of its entire shareholding of 500,000 ordinary shares in Orlando Manufacturing Sdn Bhd ("OMSB") and 200,000 ordinary shares in Tenderly Marketing Sdn Bhd ("TMSB") and ELAND's entire shareholding of 2 ordinary shares in Prominent Archway Sdn Bhd ("PASB") to Q Homes at a total cash consideration of RM4.00 and RM2.00 respectively.

The Internal Reorganisation will not have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of ENRA Group for the financial year ending 31 March 2020.

12 Significant events during the year

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

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

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

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

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

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

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

(collectively "Adjudication Decision").

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

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

On 8 January 2019, the High Court held:

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

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

The Court of Appeal has fixed the next case management date for the CIPAA Appeals on 4 December 2019.

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

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

The Court of Appeal has fixed the next case management date for the Winding Up Appeal on 23 December 2019.

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

b) Acquisition of a vessel

On 14 Oct 2019, Enra SPM Labuan Ltd. ("ESPML"), a wholly-owned subsidiary of Enra SPM Sdn Bhd, in which the Group holds a 60% stake, while SPM Terminals Pty Ltd 40% has signed a Memorandum of Agreement (MOA) with Maersk Product Tankers A/S, a Copenhagen based company to purchase a tanker known as Maersk Edgar.

This vessel is a double hull oil and chemical tanker with a net tonnage of 10,216 tonnes will be acquired for US\$9.3 million or RM38.87 million cash consideration which will be financed via a combination of internally-generated funds and external borrowings.

The proposed acquisition is not expected to have any material effect on the earnings of the group for the financial year ending 31 March 2020.

13 Significant related party transactions

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

	Cumulative Quarters	
	30 / 9 / 2019	30 / 9 / 2018
	RM'000	RM'000
i) Purchase of goods and services from non-controlling interest of a subsidiary	904	-
ii) Provision of operation and maintenance services from non-controlling interest of a subsidiary	731	-

14 Changes in material contingent liabilities or assets

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

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

15 Capital commitments

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

	As at	As at
	30 / 9 / 2019	30 / 9 / 2018
	RM'000	RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	42,395	-
Approved but not contracted for		
- Purchase of property, plant and equipment	4,103	

16 Review of performance

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

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

<u>Quarter</u>	<u>Revenue (continuing operations)</u>			<u>Consolidated</u>
	<u>Property development</u>	<u>Energy services</u>	<u>Investment holdings and others</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
<u>FY19/20:</u>				
Quarter 1	19,040	32,429	-	51,469
Quarter 2	13,625	28,460	-	42,085
	<u>32,665</u>	<u>60,889</u>	<u>-</u>	<u>93,554</u>
<u>FY18/19:</u>				
Quarter 1	-	66,847	-	66,847
Quarter 2	-	36,162	-	36,162
Quarter 3	2,891	30,787	-	33,678
Quarter 4	-	28,019	-	28,019
	<u>2,891</u>	<u>161,815</u>	<u>-</u>	<u>164,706</u>

<u>Quarter</u>	<u>Profit/(loss) before taxation (continuing operations)</u>			<u>Consolidated</u>
	<u>Property development</u>	<u>Energy services</u>	<u>Investment holdings and others</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
<u>FY19/20:</u>				
Quarter 1	(16)	3,578	(2,835)	727
Quarter 2	94	3,623	(1,698)	2,019
	<u>78</u>	<u>7,201</u>	<u>(4,533)</u>	<u>2,746</u>
<u>FY18/19:</u>				
Quarter 1	1,522	8,196	(4,676)	5,042
Quarter 2	(165)	3,190	(3,395)	(370)
Quarter 3	(45)	4,176	(4,537)	(406)
Quarter 4	(9,905)	(17,465)	(180)	(27,550)
Full financial year	<u>(8,593)</u>	<u>(1,903)</u>	<u>(12,788)</u>	<u>(23,284)</u>
Excluding major exceptional items	9,276	15,262	-	24,538
Full financial year excluding exceptional items	<u>683</u>	<u>13,359</u>	<u>(12,788)</u>	<u>1,254</u>

Q2 FY19/20 v Q2 FY18/19

For the quarter ended 30 Sept 2019 ("Q2 FY19/20"), the Group revenue increased by RM5.92 million due to higher contribution from Property Development division despite lower revenue from Energy Services division. The increase in revenue and lower loss from Investment Holdings and Others division has resulted in higher profit before taxation ("PBT") from continuing operations by RM2.39 million as compared to Q2 FY18/19 loss of RM0.37 million.

The revenue of Property Development division has increased to RM13.63 million against RMNil in Q2 FY18/19, owing to the sales of one (1) unit of Portland Chambers's flat in London and 2 units of condominiums from Shamelin Star project in Cheras, Kuala Lumpur. The Property Development division recorded a profit before taxation ("PBT") of RM94K as compared to loss before taxation ("LBT") of RM0.17 million in the same quarter last year.

Meanwhile, the Energy Services division recorded a slightly higher profit by RM0.43 million as compared to RM3.19 million in the same quarter in previous year, mainly due to reduction in direct operational cost.

YTD FY19/20 v YTD FY18/19

Revenue for YTD FY19/20 decreased by RM9.46 million from RM103 million in YTD FY18/19, mainly due to lower contribution from Energy division by 41% (6MFY19/20 of RM60.89 million vs 6MFY18/19 of RM103 million) despite 100% increase (6MFY19/20 of RM32.67 million vs 6MFY18/19 of RMNil) in Property Development division resulted from 2 flats sold in London and 3 Shamelin Star condominium's units sold.

The lower revenue contribution from Energy Services division has resulted in lower Group PBT by RM1.93 million as compared to the same period in previous financial year (6MFY19/20 of RM2.75 million vs 6MFY18/19 of RM4.67 Million). Furthermore, the higher PBT in 6MFY18/19 was also due to a one off fair value gain on inventories of RM1.94 million relating to Shamelin Star units. Excluding this, PBT for 6MFY18/19 was actually RM2.73 million which is comparable to RM2.75 million in the first half of FY19/20.

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

Q2 FY19/20 v Q1 FY19/20

For the financial quarter under review, the Group's continuing operations recorded a lower revenue of RM9.38 million from RM51.47 million in Q1FY19/20 to RM42.09 million, mainly due to lower price of the Portland Chambers's flat unit sold in Q2 as compared to the one sold in Q1 which is bigger in size. Meanwhile, the higher PBT of RM1.29 million as compared to RM0.73 million in the immediate preceding quarter, was benefited from lower administration cost at Investment holding level.

18 Future prospects

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

(a) Property development

As of 21 November 2019, the Group has successfully sold 3 flats units of Portland Chambers with the last unit pending completion of sales. Meanwhile, the Rugby property project in the United Kingdom is pending enhanced planning approval to increase the number of units for independent retirement living. With the newly acquired subsidiary, Q Homes Sdn. Bhd., the Group is gearing towards developing affordable landed properties in established townships in the Klang Valley.

(b) Energy services

The segment will continue to be the leading revenue and earnings contributor to the Group in remaining half of FY 19/20. With global oil price hovering between USD60 - 65 per barrel and the resumption of capital expenditure and repair, maintenance and replacement programme by the energy players, this sector is expected to remain stable. With aggressive marketing strategies, improvement in supply chain management, the Group anticipates the current year performance for the segment to be satisfactory. This segment will also continue to bid for contracts whenever the opportunity arises to enhance our order book including for the smart and energy savings lighting business.

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

19 Profit forecast

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

20 Profit for the financial year for continuing operations

	Cumulative Quarters	
	30 / 9 / 2019	30 / 9 / 2018
	RM'000	RM'000
Profit before taxation for continuing operations is arrived at after (crediting) / charging		
Interest income	(589)	(504)
Interest expense	583	1,194
Lease interest expense	1,182	1,880
Other income including investment income	(692)	(237)
Fair value changes on contingent consideration	(126)	-
Depreciation of property, plant and equipment	547	454
Depreciation of right of use assets	9,846	12,169
Amortisation of intangible assets	138	-
Fair value loss on derivatives	512	144
Loss on disposal of subsidiaries	-	338
Loss on disposal of property, plant and equipment	-	7
Written back of provision for impairment loss on trade receivables	(338)	(254)
Unrealised loss on foreign exchange	558	540
Realised (gain) from foreign exchange	(539)	(204)

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

21 Income tax expense

	Individual Quarter		Cumulative Quarter	
	30 / 9 / 2019	30 / 9 / 2018	30 / 9 / 2019	30 / 9 / 2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	(27)	238	388	2,544
- overprovision for prior year	-	-	-	(321)
- deferred taxation	-	-	-	(21)
	(27)	238	388	2,202
Australian income tax :-				
- current taxation	93	89	215	89
	66	327	603	2,291

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

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

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

23 Goodwill

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

	As at 30 / 9 / 2019
	RM'000
75% of ENRA Engineering And Fabrication Sd. Bhd. ("EEFAB")	8,505
100% of International Chemicals Engineering Pty. Ltd. ("ICE")	4,004
51% of ENRA IOL Sdn. Bhd. ("EIOL")	401
51% of Abode Senior Living Limited ("ASLL")	24
51% of Q Homes Sdn. Bhd. ("Q Homes")	6
	<u>12,940</u>

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

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

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

24 Borrowings and debts securities

Total borrowings of the Group were analysed as follows :

	Short Term		Long Term		Total		Total Group RM'000
	Foreign currency RM'000	Malaysian Ringgit RM'000	Foreign currency RM'000	Malaysian Ringgit RM'000	Foreign currency RM'000	Malaysian Ringgit RM'000	
As at 30 September 2019:							
Secured							
Bank overdrafts	-	1,662	-	-	-	1,662	1,662
Term loans	9,363	-	-	-	9,363	-	9,363
Hire-purchase and lease creditors	-	202	-	193	-	395	395
Trade facilities	-	10,008	-	-	-	10,008	10,008
	9,363	11,872	-	193	9,363	12,065	21,428
As at 30 September 2018:							
Secured							
Hire-purchase and lease creditors	-	259	-	387	-	646	646
	-	259	-	387	-	646	646

The increase in bank borrowings is mainly due to net drawdown of term loans and higher utilisation of trade facilities during the first half of FY19/20 or compared to the same period in FY18/19.

25 Derivatives

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

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

	Currency	Nominal value '000	Fair value gain/(loss) RM'000
As at 30 September 2019:			
Forward currency selling contracts less than 1 year:	GBP	-	(512)
Net fair value loss			(512)
As at 30 September 2018:			
Forward currency selling contracts less than 1 year:	GBP	8,494	(261)
Forward currency buying contracts less than 1 year:	EURO	(1,862)	107
	USD	(607)	10
			117
Net fair value gain			(144)

26 Material impairment of assets

There is no material impairment loss of assets recognised in the statement of profit and loss and other comprehensive income in the current quarter and comparative quarter.

27 Material litigation

The Group is not engaged in any material litigation as at the date of issuance of this financial statements except as disclosed

28 Earnings per ordinary share

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

	Quarter Ended		Cumulative Quarter Ended	
	30 / 9 / 2019	30 / 9 / 2018	30 / 9 / 2019	30 / 9 / 2018
Profit/(Loss) attributable to equity holders of the Company (RM'000)				
- continuing operations	703	(504)	812	1,868
- discontinued operations	-	10	-	(181)
	703	(494)	812	1,687
Weighted average number of ordinary shares in issue ('000)				
Total number of ordinary shares	136,208	136,208	136,208	136,208
Treasury shares	(1,289)	(1,289)	(1,289)	(1,289)
	134,919	134,919	134,919	134,919
Basic earnings per share (sen) :				
- continuing operations	0.52	(0.37)	0.60	1.38
- discontinued operations	-	0.01	-	(0.13)
	0.52	(0.36)	0.60	1.25

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

29 Status of utilisation of proceeds raised from corporate proposal

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

30 Dividends

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

31 Review by external auditors

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

By Order of the Board
ENRA Group Berhad