

ENRA GROUP BERHAD
(Company No. 199201005296/ 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPT 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30 / 09 / 2022 RM ' 000 | As at 31 / 03 / 2022 RM ' 000 |
|--|-------------------------------------|-------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 69,159 | 65,381 |
| Right of use assets | 8,913 | 9,110 |
| Goodwill on acquisitions | 400 | 400 |
| Contract cost assets | 276 | 276 |
| | 78,748 | 75,167 |
| Current assets | | |
| Inventories | 63,238 | 72,072 |
| Trade and other receivables | 6,028 | 18,629 |
| Contract assets | 51 | 1,046 |
| Current tax assets | 155 | 124 |
| Cash and bank balances and short term funds | 11,343 | 20,287 |
| | 80,815 | 112,158 |
| TOTAL ASSETS | 159,563 | 187,325 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 144,744 | 144,744 |
| Redeemable convertible preference shares equity | 2,886 | 2,886 |
| Treasury Shares | (1,199) | (1,199) |
| Non-distributable reserves | 2,571 | 532 |
| Reserves | (54,154) | (35,656) |
| | 94,848 | 111,307 |
| Non-controlling interests | 5,859 | 2,087 |
| Total equity | 100,707 | 113,394 |
| Non-current liabilities | | |
| Trade and other payables | 22,821 | 22,833 |
| Lease liabilities | 1,556 | 1,495 |
| Redeemable convertible preference shares liability | 6,205 | 6,959 |
| | 30,582 | 31,287 |
| Current liabilities | | |
| Trade and other payables | 15,160 | 37,244 |
| Contract Liability | 428 | 962 |
| Borrowings | 11,251 | 3,877 |
| Lease liabilities | 22 | 125 |
| Redeemable convertible preference shares liability | 1,016 | - |
| Current tax liabilities | 397 | 436 |
| | 28,274 | 42,644 |
| Total liabilities | 58,856 | 73,931 |
| TOTAL EQUITY AND LIABILITIES | 159,563 | 187,325 |
| Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM) | 0.70 | 0.82 |

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 2022 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 199201005296/ 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPT 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarters | |
|--|--------------------|----------------|---------------------|---------------|
| | 30 / 09 / 2022 | 30 / 09 / 2021 | 30 / 09 / 2022 | 30 / 9 / 2021 |
| | RM ' 000 | RM ' 000 | RM ' 000 | RM ' 000 |
| Revenue | 218 | 18,495 | 9,827 | 32,762 |
| Cost of sales | (5,918) | (11,672) | (16,696) | (19,721) |
| Gross (loss)/profit | (5,700) | 6,823 | (6,869) | 13,041 |
| Other operating income | 728 | 111 | 837 | 167 |
| Operating expenses | (16,512) | (3,413) | (20,075) | (6,814) |
| (Loss)/ Profit from operations | (21,484) | 3,521 | (26,107) | 6,394 |
| Lease interest expense | (30) | (36) | (62) | (71) |
| Finance cost | (301) | (544) | (458) | (1,155) |
| (Loss)/ Profit before taxation | (21,815) | 2,941 | (26,627) | 5,168 |
| Taxation | 89 | (417) | (35) | (559) |
| (Loss)/ Profit after taxation | (21,726) | 2,524 | (26,662) | 4,609 |
| Discontinued operations | | | | |
| Profit for the financial period from discontinued operations, net of tax | - | 211 | - | 306 |
| (Loss)/ Profit for the financial period | (21,726) | 2,735 | (26,662) | 4,915 |
| Other comprehensive income, net of tax | | | | |
| Foreign currency translation differences for foreign operations | 2,456 | 59 | 4,724 | 20 |
| Total comprehensive (loss)/ income for the financial period | (19,270) | 2,794 | (21,938) | 4,935 |
| (Loss)/ Profit/ attributable to:- | | | | |
| Equity holders of the Company | (14,120) | 949 | (18,498) | 1,650 |
| Non-controlling interests | (7,606) | 1,786 | (8,164) | 3,265 |
| | (21,726) | 2,735 | (26,662) | 4,915 |
| Total comprehensive (loss)/income attributable to:- | | | | |
| Equity holders of the Company | (13,042) | 797 | (16,459) | 1,470 |
| Non-controlling interests | (6,228) | 1,997 | (5,479) | 3,465 |
| | (19,270) | 2,794 | (21,938) | 4,935 |
| Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen): | | | | |
| (a) Basic | | | | |
| (Loss)/ Profit from continuing operations | (10.46) | 0.55 | (13.71) | 1.00 |
| Profit from discontinued operations | - | 0.16 | - | 0.23 |
| (b) Fully diluted | | | | |
| (Loss)/ Profit from continuing operations | (7.74) | 0.40 | (10.15) | 0.74 |
| Profit from discontinued operations | - | 0.12 | - | 0.17 |

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 2022 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 199201005296/ 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPT 2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | ----- Attributable to equity holders of the Company ----- | | | | | | | Total Equity RM ' 000 |
|---|---|---|--|--------------------------------|-----------------------------------|-------------------|--|--------------------------|
| | <----- Non-distributable ----- | | | Distributable | | | | |
| | Share Capital RM ' 000 | Redeemable Convertible Preference Shares RM ' 000 | Exchange Translation Reserve RM ' 000 | Treasury Shares RM ' 000 | Accumulated Losses RM ' 000 | Total RM ' 000 | Non- controlling Interests RM ' 000 | |
| Financial year ended 31 March 2023 | | | | | | | | |
| As at 1 April 2022 | 144,744 | 2,886 | 532 | (1,199) | (35,656) | 111,307 | 2,087 | 113,394 |
| Loss for the financial year | - | - | - | - | (18,498) | (18,498) | (8,164) | (26,662) |
| Other comprehensive (loss)/income, net of tax | - | - | 2,039 | - | - | 2,039 | 2,685 | 4,724 |
| Total comprehensive (loss)/income | - | - | 2,039 | - | (18,498) | (16,459) | (5,479) | (21,938) |
| Issue of shares by subsidiaries to a non-controlling interest | - | - | - | - | - | - | 30 | 30 |
| Issuance capital contribution reserve to a non-controlling interest | - | - | - | - | - | - | 9,766 | 9,766 |
| Repayment of capital contribution to non-controlling interest | - | - | - | - | - | - | (545) | (545) |
| Total transactions with owners | - | - | - | - | - | - | 9,251 | 9,251 |
| As at 30 Sept 2022 | 144,744 | 2,886 | 2,571 | (1,199) | (54,154) | 94,848 | 5,859 | 100,707 |
| Financial year ended 31 March 2022 | | | | | | | | |
| As at 1 April 2021 | 144,744 | 2,886 | 816 | (1,199) | (32,991) | 114,256 | 3,965 | 118,221 |
| Profit for the financial year | - | - | - | - | 1,650 | 1,650 | 3,265 | 4,915 |
| Other comprehensive (loss)/income, net of tax | - | - | (180) | - | - | (180) | 200 | 20 |
| Total comprehensive income/(loss) | - | - | (180) | - | 1,650 | 1,470 | 3,465 | 4,935 |
| As at 30 Sept 2021 | 144,744 | 2,886 | 636 | (1,199) | (31,341) | 115,726 | 7,430 | 123,156 |

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 2022 and the accompanying explanatory notes to the interim financial statements.

ENRA GROUP BERHAD
(Company No. 199201005296/ 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPT 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Cumulative quarters ended | |
|--|----------------------------------|----------------------|
| | 30 / 09 / 2022 | 30 / 9 / 2021 |
| | RM ' 000 | RM ' 000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before taxation | | |
| Continuing operation | (26,627) | 5,168 |
| Discontinued operation | - | 460 |
| Adjustments for non-cash items: | | |
| Depreciation of property, plant and equipment | 2,857 | 4,067 |
| Depreciation of right of use assets | 197 | 355 |
| Amortisation of intangible assets | - | 150 |
| Provision for Net Realisable Value ("NRV") loss on inventories | 3,730 | - |
| Fair value loss on derivatives | - | 247 |
| Loss on disposal of property, plant and equipment | - | 74 |
| Unrealised loss on foreign exchange | (109) | (17) |
| Interest expense: | | |
| - Unwinding of redeemable convertible preference shares discount | 262 | 240 |
| - Unwinding of lease interest | 62 | 71 |
| - Borrowings | 196 | 915 |
| Interest income | (68) | (82) |
| Operating profit before changes in working capital | (19,500) | 11,648 |
| Changes in working capital | 3,721 | (9,866) |
| Net tax paid | 136 | (157) |
| Net cash (used in)/ from operating activities | (15,643) | 1,625 |
| Cash flows from investing activities | | |
| Interest received | 68 | 82 |
| (Placement)/ Uplift of pledged deposits | 770 | (7,035) |
| Proceeds from disposal of property, plant and equipment | - | 6 |
| Acquisition of property, plant and equipment | (5) | (1,276) |
| Contingent consideration paid | - | (680) |
| Net cash from/(used in) investing activities | 833 | (8,903) |
| Cash flows from financing activities | | |
| Interest paid | (258) | (915) |
| Capital contribution from NCI | (545) | - |
| Net (repayment)/drawdown of borrowing | 7,113 | (11,609) |
| Repayment of lease liabilities | (43) | (592) |
| Net cash used in financing activities | 6,267 | (13,116) |
| Net decrease in cash and cash equivalents | (8,543) | (20,394) |
| Cash and cash equivalents at beginning of financial period | 16,052 | 30,510 |
| Effect of foreign currency exchange rate changes | 369 | (45) |
| Cash and cash equivalents at end of financial period | | |
| Continuing operations | 7,878 | 8,461 |
| Discontinued operations | - | 1,610 |
| Cash and cash equivalents comprise:- | | |
| Continuing operations | | |
| Cash and bank balances | 11,343 | 12,671 |
| Less: Deposits pledged to licensed banks | (3,465) | (4,210) |
| | 7,878 | 8,461 |

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 2022 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 2022.

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 2022, 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 2022:

| Title: | Effective date for the financial period commencing on or after: |
|---|--|
| Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) | 1 January 2021 |
| Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases) | 1 April 2021 (early adopted) |

The standards and amendments that are issued but not yet effective for the adoption by the Group in the current financial year up to the date of this interim report are disclosed below:

| Title: | Effective date for the financial period commencing on or after: |
|---|--|
| Annual Improvements to MFRS Standards 2018 - 2020 | 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 101 <i>Classification of liabilities as Current or Non-Current</i> | 1 January 2023 |
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative information | 1 January 2023 |
| Amendments to MFRS 101 Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| 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.

3 Qualification of auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2022 was not subject to any audit qualification.

4 Seasonal and cyclical factors

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

5 Unusual items due to their nature, size and incidence

There were no items during the financial period under review affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence other than the material items disclosed in Note 19.

6 Changes in estimates

There were no changes in estimates which have a material effect on the results of the current financial period under review other than material items disclosed in Note 19.

7 Debt and equity securities

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

a) Free Warrants

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

On 6 January 2021, the Board has determined that each Warrant entitles the holder of the warrant to subscribed for 1 new ENRA Share at the exercise price of RM1.00 at any time during the Exercise Period ("At any time during the period commencing on, and inclusive of, the Issue Date and ending at 5.00 p.m. on the Market Day immediately preceding the 5th anniversary of the Issue Date"), subject to any adjustment that may be made from time to time in accordance with the provisions of the deed poll constituting the Warrants dated 8 December 2020. Any Warrant not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

On 7 January 2021, the issuance of the Free Warrants has been completed following the listing of and quotation for 44,971,973 Warrants on the Main Market of Bursa Securities. The calculation of diluted earning per share arising from these free warrants is shown in Note 26.

b) Allotment and issuance of new shares under Section 75 and 76 of Companies Act 2016

The Shareholders have given the Directors the renewed mandate to allot and issue new shares up to 10% of the total number of existing issued shares from 27 September 2022 to the conclusion of the next Annual General Meeting ("AGM").

c) Shares Buy Back/ Treasury Shares

The Shareholders have given the Directors the renewed mandate to purchase its own shares from 27 September 2022 to the conclusion of the next AGM subject to:

- i) The aggregate number of shares purchased does not exceed 10% of the total number of shares at the time of purchase.
- ii) The maximum fund for the purchase shall not exceed the Company's retained earnings at the time of purchase.

As of 30 Sept 2022, 1.289 million treasury shares at RM1.199 million is held by the Company.

d) Employees' shares Scheme ("ESS")

In the EGM on 9 February 2018, the Shareholders have approved the ESS comprising Employees' Option Scheme ("ESOS") and Employees' Share Grant ("ESG") that came into effect on 12 February 2018 and shall be in force until 11 February 2023. The ESS may be extended by the Directors for a maximum of another 5 years. The maximum new shares to be issued is 15% of the existing shares.

On 1 June 2022, ENRA made an offer of 6,100,000 ESOS Option under the ESS ("1st Award") to the eligible directors and employees of ENRA and its subsidiaries of which 3,200,000 Options were allocated to the Board of ENRA. Subsequently, the offers were accepted by the respective directors and employees on 28 June 2022. As at 30 June 2022, none of the ESOS Option under the 1st Award have been accepted yet and, as such, no option or share grant has been awarded to any person pursuant to the ESS.

8 Dividends paid to equity holders of the Company

There was no dividend paid during the current quarter ended 30 Sept 2022.

9 Revenue

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

| | Discontinued Operations Cumulative Quarters | | Continuing Operations Cumulative Quarters | |
|---------------------------------------|--|----------------|--|----------------|
| | 30 / 09 / 2022 | 30 / 09 / 2021 | 30 / 09 / 2022 | 30 / 09 / 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Products and services: | | | | |
| Sale of properties | - | - | 5,175 | 556 |
| Sale of trading goods | - | 16,895 | 20 | 5,365 |
| Leasing | - | - | 3,161 | 17,026 |
| Services rendered | - | 346 | 1,471 | 9,815 |
| | - | 17,241 | 9,827 | 32,762 |
| Timing of revenue recognition: | | | | |
| At a point in time | - | 16,895 | 4,500 | 5,921 |
| Over time | - | 346 | 5,327 | 26,841 |
| | - | 17,241 | 9,827 | 32,762 |

10 Segmental information

| | Continuing Operations | | | | Discontinued Operations RM'000 | Consolidated RM'000 |
|---|--------------------------------|---------------------------|--|-----------------|-----------------------------------|------------------------|
| | Property development RM'000 | Energy services RM'000 | Investment holdings and others RM'000 | Total RM'000 | | |
| Financial period ended 30 Sept 2022 | | | | | | |
| Revenue | | | | | | |
| - External | 5,175 | 4,652 | - | 9,827 | - | 9,827 |
| Results | | | | | | |
| Operating (loss)/profit | (3,899) | (18,897) | (3,378) | (26,174) | - | (26,174) |
| Interest income | | | | 68 | - | 68 |
| Lease interest expense | | | | (62) | - | (62) |
| Finance cost | | | | (458) | - | (458) |
| Tax expense | | | | (35) | - | (35) |
| Profit for the financial year | | | | (26,662) | - | (26,662) |
| Earning before interest, tax, depreciation and amortisation | (3,805) | (15,993) | (3,322) | (23,120) | - | (23,120) |
| Financial period ended 30 Sept 2021 | | | | | | |
| Revenue | | | | | | |
| - External | 556 | 32,206 | - | 32,762 | 17,241 | 50,003 |
| Results | | | | | | |
| Operating profit/(loss) | (514) | 10,650 | (3,824) | 6,312 | 843 | 7,155 |
| Interest income | | | | 82 | 184 | 266 |
| Lease interest expense | | | | (71) | (5) | (76) |
| Finance cost | | | | (1,155) | (562) | (1,717) |
| Tax expense | | | | (559) | (154) | (713) |
| Loss for the financial year | | | | 4,609 | 306 | 4,915 |
| Earning before interest, tax, depreciation and amortisation | (423) | 14,200 | (3,764) | 10,013 | 1,715 | 11,728 |

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

11 Changes in the composition of the Group

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

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

On 30 June 2022, ENRA has made another announcement that the Company and MSM have mutually agreed to terminate negotiations on the Proposed Acquisition and Proposed Lease. Meanwhile, The Proposed Collaboration has gave birth to MSMENRA Sdn Bhd ("MSMENRA"), a 70:30 joint venture between ENRA and MSM respectively.

On 26 September 2022, ENRA has made a final announcement pertaining to this initiative, that on 23 September 2022, ENRA received a letter of request from MFDH Holdings Sdn. Bhd., the holding company of MSM, that it wishes to cease the pursuit of the MSMENRA joint venture in conjunction with the MSM Collaboration. ENRA has accepted this request and will work with MSM to terminate both parties' relationship in MSMENRA.

- (b) Proposed diversification of the existing core businesses of ENRA and its Group of Companies to include the Maintenance, Repair and Overhaul ("MRO") business ("Proposed Diversification").

On 16 August 2022, ENRA has made an announcement on its intention to undertake the Proposed Diversification.

MRO services serve a wide range of end user such as the Oil and Gas ("O&G"), marine, agriculture, industrial and other relevant and applicable industries. Currently, the Group provides MRO services to their O&G customers to, amongst others, maintain and preserve diesel engines and generators (including their ancillary equipment). Therefore, ENRA intend to expand its current range of MRO services and serve a wider range of industries, in addition to the O&G industry. Further, the new MRO services are also expected to include the provision of manpower to its existing and potential customers to undertake their respective MRO projects and /or contracts.

Premised on the above, the management of ENRA believe that the growth and expansion of the Group's current MRO services may contribute 25% or more of the net profit of the Group and/or result in the diversion of 25% or more of the net assets ("NA") of the Group towards MRO services moving forward. The Proposed Diversification was accepted and approved by the shareholders at the Extraordinary General Meeting ("EGM") convened on 27 September 2022.

12 Legal claims during the year

- a) Disputes between a contractor and ESPM Group

Arbitration on claim against ESPML

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

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

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

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

A settlement agreement dated 10 August 2022, was entered into between PT CMS, ESPML, ESPM, Sea Trust Marine Pte. Ltd., PT Adidaya Energi Mandiri ("AEM") and SPM Terminals. Under the terms of settlement, ESPML has agreed to pay the sum of USD3.2 million to PT CMS and USD0.15 million to AEM in full and final settlement of any and all the various disputes between the parties with such settlement being without any admission of liability to any of the respective claims as against each other ("ESPML Settlement Agreement dated 10 August 2022").

Upon payment for the settlement sum made on 2 September 2022, PT CMS and ESPML have withdrawn all claims and counterclaims in the arbitration, and Ratu ENRA was subsequently released on 5 September 2022. With the settlement, the case has been officially closed.

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

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

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

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

ESPML served its Defence and Counterclaim on the 9th of July 2021.

The parties reached a settlement agreement and the arbitration has been resolved by mutual acceptance on 10 August 2022. The tribunal awarded and directed that in full and final settlement of the claim by the Claimant against the Respondents, the Respondents shall jointly and severally pay the sum of USD90,000 to the Claimant within 14 days of the award. This payment of the sum of USD90,000 that was made on 24 August 2022 constitutes settlement of all claims and counterclaims between the Claimant and the Respondents. With this settlement payment, the case has been officially closed.

13 Significant related party transactions

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

| | | Cumulative Quarters | |
|------|--|---------------------|----------------|
| | | 30 / 09 / 2022 | 30 / 09 / 2021 |
| | | RM'000 | RM'000 |
| i) | Purchase of goods and services from non-controlling interest of subsidiaries | 21 | 3,077 |
| ii) | Provision of operation and maintenance (O&M) services from a non-controlling interest of | 915 | 3,428 |
| iii) | Project management fee from non-controlling interest of subsidiaries | 480 | 420 |
| iv) | Interest charges on advances from a non-controlling interest of subsidiaries | - | 90 |
| v) | Sales of goods and services to non-controlling interest of subsidiaries | (53) | (835) |
| vi) | Commision fee paid to company owned by a director of subsidiary | 2 | 96 |

In the 30th Annual General Meeting ("AGM") on 27 September 2022, the shareholders have given the mandate for the Group to enter into the recurring related parties transactions 13(i) and (ii) with the cumulative values not more than RM3.5 million and RM29.5 million respectively from 27 September 2022 to the next AGM. The other recurring related parties transactions are expected to be below the relevant thresholds, therefore does not need shareholders' approval.

14 Changes in material contingent liabilities or assets

There were no material contingent liabilities or contingent assets since the last financial year ended 31 March 2022 other than what may or may not arise from the legal claims in Notes 12 (a), (b) and (c) and the corporate guarantees given by the Company in favour of its subsidiaries as follows:

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

15 Review of performance

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

- (i) The Group's property development division comprises projects in Malaysia and abroad.
- (ii) The Group's energy services division entails the provision of logistics/ chartering, engineering, operation and maintenance services relating to the energy sector.
- (iii) The Group's investment holdings division comprises of holding of investment in subsidiaries, associate and joint venture as well as management services and provision of financial assistance for companies within the Group.
- (iv) The figures stated below has been restated "in line with the requirements of MFRS 5.

| <u>Quarter</u> | <u>Revenue</u> | | | <u>Consolidated</u> |
|------------------------|-----------------------------|------------------------|---------------------------------------|---------------------|
| | <u>Property development</u> | <u>Energy services</u> | <u>Investment holdings and others</u> | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>FY22/23:</u> | | | | |
| Quarter 1 | 5,053 | 4,574 | - | 9,627 |
| Quarter 2 | 122 | 78 | - | 200 |
| Full financial year | <u>5,175</u> | <u>4,652</u> | <u>-</u> | <u>9,827</u> |

| <u>Quarter</u> | <u>Revenue</u> | | | <u>Consolidated</u> |
|---|-----------------------------|------------------------|---------------------------------------|---------------------|
| | <u>Property development</u> | <u>Energy services</u> | <u>Investment holdings and others</u> | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>FY21/22:</u> | | | | |
| Quarter 1 | 392 | 13,876 | - | 14,268 |
| Quarter 2 | 164 | 18,330 | - | 18,494 |
| Quarter 3 | 953 | 14,426 | - | 15,379 |
| Quarter 4 | 1,166 | 13,400 | - | 14,566 |
| Full financial year | <u>2,675</u> | <u>60,032</u> | <u>-</u> | <u>62,707</u> |
| Revenue from discontinued operation** | - | 25,609 | - | 25,609 |
| Full financial year including discontinuing operation | <u>2,675</u> | <u>85,641</u> | <u>-</u> | <u>88,316</u> |

| <u>Quarter</u> | <u>(Loss)/Profit before taxation</u> | | | <u>Consolidated</u> |
|---|--------------------------------------|------------------------|---------------------------------------|---------------------|
| | <u>Property development</u> | <u>Energy services</u> | <u>Investment holdings and others</u> | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>FY22/23:</u> | | | | |
| Quarter 1 | (45) | (3,066) | (1,702) | (4,813) |
| Quarter 2 | (4,181) | (15,884) | (1,749) | (21,814) |
| Full financial year | <u>(4,226)</u> | <u>(18,950)</u> | <u>(3,451)</u> | <u>(26,627)</u> |
| <u>FY21/22:</u> | | | | |
| Quarter 1 | (479) | 4,771 | (2,064) | 2,228 |
| Quarter 2 | (435) | 5,350 | (1,975) | 2,940 |
| Quarter 3 | (154) | 23,920 | (8,056) | 15,710 |
| Quarter 4 | (465) | (11,028) | (3,136) | (14,629) |
| Full financial year | <u>(1,533)</u> | <u>23,013</u> | <u>(15,231)</u> | <u>6,249</u> |
| PBT from discontinued operation** | - | 808 | - | 808 |
| Full financial year including discontinuing operation | <u>(1,533)</u> | <u>23,821</u> | <u>(15,231)</u> | <u>7,057</u> |
| Exceptional items | 241 | (10,342) | - | (10,101) |
| Full financial year excluding exceptional items | <u>(1,292)</u> | <u>13,479</u> | <u>(15,231)</u> | <u>(3,044)</u> |

Q2 FY22/23 vs Q2 FY21/22

For the second quarter ended 30 September 2022 ("Q2 FY22/23"), there were minimal revenue contributions from both Energy Services and Property Divisions as compared to the same quarter last year. Accordingly, the Group recorded a loss before taxation ("LBT") of RM21.81 million against profit before taxation ("PBT") of RM2.94 million for the same period last year.

The Energy Services Division recorded nominal revenue for the quarter as a result of the timing gap between the completion of the previous contract in May 2022 and the new contract that has started to generate revenue in October 2022 for its Floating Storage and Offloading ("FSO") contract in Myanmar.

The Property Development Division recorded a 26% lower revenue in Q2 FY22/23 as compared to the same quarter last year. The revenue was contributed from the same maiden project in Teluk Panglima Garang, of which, its last phase of the construction is expected to be completed in the next quarter. The LBT of the division is also affected by the provision for Net Realisable Value ("NRV") loss on the carrying amount of the planned "Retirement Living" project's properties in Rugby, United Kingdom ("UK").

FY22/23 vs FY21/22

Revenue for the period ended 30 September 2022 of RM9.83 million is 70% lower as compared to RM32.76 million recorded in the same period last financial year due to lower contribution from Energy Services Division.

The higher Group LBT of RM26.63 million as compared to last year PBT of RM5.17 million was due to lower revenue and the impact from the provision for NRV loss on Rugby properties as well as the settlement made for the arbitrations against ex-contractors of the Group. The settlement was crucial to enable the Group's marine assets be deployed for a new FSO contract.

16 Material change in profit before taxation compared to the immediate preceding quarter

Q2 FY22/23 vs Q1 FY22/23

LBT for the Q2 FY22/23 is significantly higher as compared to LBT of RM4.81 million for the last immediate quarter, Q1 FY22/21. This is due to the lower revenue and the impact from the provision of NRV loss and settlement made for the arbitration against PT CMS.

17 Future prospects

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

(a) Property Development Division

Since the government announced the "Transition to Endemic" phase of Covid-19 on 1st April 2022, this division has been operating at a more active level compared to the previous financial year.

Our fully-sold maiden project, Taman Iram Perdana, is on track to hand over the first unit in the coming quarter. Earthworks for a further two new sites have been completed and one was just launched and kickstarted with the main building and infrastructure construction. Three other projects are also scheduled for a timely launch once they receive the relevant authority approvals.

As such, the outlook of our property development division is positive. We are still keeping a close eye on the general inflation that has impacted many industries and supply chains, and will adjust selling prices reasonably to accommodate such cost increases.

(b) Energy Services Division

The Floating Storage and Offloading Facilities business completed its 57 months contract in May 2022 and has managed to re-deployed the assets, Ratu ENRA and Single Points Mooring ("SPM") for a 6 months contract which started in October 2022. As oil prices are currently elevated, the upstream oil & gas sector is experiencing a recovery in exploration and production activities. As such we are optimistic about landing future new contract for our assets.

The Maintenance, Repair and Overhaul ("MRO") business has continued to chart further growth. Having completed its first MRO project after a 2 year engagement, the MRO team is now servicing a major international oil company's fleet of diesel engines. The team currently expanding additional capability and service offerings through collaboration with fleet owners and other MRO players in the market ensuring further growth in this business segment.

The Group will focus on achieving our FY'22/23 revenue target, operational improvement and cost management initiatives.

18 Profit forecast

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

19 (Loss)/Profit for the financial year

| | Cumulative Quarters | |
|--|---------------------|----------------|
| | 30 / 09 / 2022 | 30 / 09 / 2021 |
| | RM'000 | RM'000 |
| (Loss)/Profit before taxation is arrived at after (crediting) / charging | | |
| Interest income | (68) | (82) |
| Interest expense | 458 | 1,155 |
| Lease interest expense | 62 | 71 |
| Other income including investment income | (769) | (85) |
| Depreciation of property, plant and equipment | 2,857 | 4,067 |
| Depreciation of right of use assets | 197 | 355 |
| Amortisation of intangible assets | - | 150 |
| Fair value loss on derivatives | - | 247 |
| Provision for NRV loss on inventories | 3,730 | - |
| Loss/ (gain) on disposal of property, plant and equipment | - | 74 |
| Unrealised loss/ (gain) on foreign exchange | (109) | (17) |
| Realised gain from foreign exchange | 669 | 46 |

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.

20 Income tax expense**Continuing Operations:**

Malaysian income tax :-
 - current taxation
 - under provision for prior year

| Individual Quarter | | Cumulative Quarter | |
|--------------------|----------------|--------------------|----------------|
| 30 / 09 / 2022 | 30 / 09 / 2021 | 30 / 09 / 2022 | 30 / 09 / 2021 |
| RM'000 | RM'000 | RM'000 | RM'000 |
| (89) | 417 | 38 | 543 |
| - | - | (3) | 16 |
| (89) | 417 | 35 | 559 |

Discontinuing Operations:

Malaysian income tax
 Australian income tax

| Individual Quarter | | Cumulative Quarter | |
|--------------------|----------------|--------------------|----------------|
| 30 / 09 / 2022 | 30 / 09 / 2021 | 30 / 09 / 2022 | 30 / 09 / 2021 |
| RM'000 | RM'000 | RM'000 | RM'000 |
| - | 99 | - | 99 |
| - | 18 | - | 55 |
| - | 117 | - | 154 |

21 Goodwill

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

| | As at | As at |
|------------------------------------|----------------|----------------|
| | 30 / 09 / 2022 | 30 / 09 / 2021 |
| | RM'000 | RM'000 |
| 51% of ENRA IOL Sdn. Bhd. ("EIOL") | 400 | 400 |
| Discontinuing operation | 400 | 400 |
| | - | 4,004 |
| | 400 | 4,404 |

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

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

22 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 Sept 2022: | | | | | | |
| Secured | | | | | | | |
| Term loans | - | 6,251 | - | - | - | 6,251 | 6,251 |
| Trade facilities | - | 5,000 | - | - | - | 5,000 | 5,000 |
| | - | 11,251 | - | - | - | 11,251 | 11,251 |
| As at 30 Sept 2021: | | | | | | | |
| Secured | | | | | | | |
| Term loans | 10,707 | 16,195 | - | - | 10,707 | 16,195 | 26,902 |
| Trade facilities | - | 7,200 | - | - | - | 7,200 | 7,200 |
| | 10,707 | 23,395 | - | - | 10,707 | 23,395 | 34,102 |
| Discontinuing Operation | - | 7,683 | 2,843 | 4,884 | 2,843 | 12,567 | 15,410 |
| | 10,707 | 31,078 | 2,843 | 4,884 | 13,550 | 35,962 | 49,512 |

23 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 Sept 2022 are as follows:

| | Currency | Notional value RM'000 | Net Fair value gain/(loss) RM'000 |
|---|----------|-----------------------------|---|
| As at 30 Sept 2022: | | | |
| Forward currency buying contracts more than 1 year | USD | - | - |
| Net fair value loss | | | - |
| As at 30 Sept 2021: | | | |
| Forward currency selling contracts less than 1 year | GBP | 1,867 | (239) |
| Forward currency buying contracts less than 1 year | USD | 4,714 | 200 |
| Net fair value loss | | | (39) |

24 Material impairment of assets

There is no material impairment loss of assets recognised in the statement of profit and loss and other comprehensive income in the current quarter and comparative quarter except as disclosed in Note 19.

25 Material litigation

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

26 Earnings per ordinary share

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

Diluted earnings per share takes into account the maximum number of ordinary shares assuming all free warrants and the first tranche of ESOS option under the employee share scheme ("ESS") are converted into new ordinary shares.

| | Quarter Ended | | Cumulative Quarter Ended | |
|--|-----------------|----------------|--------------------------|----------------|
| | 30 / 09 / 2022 | 30 / 09 / 2021 | 30 / 09 / 2022 | 30 / 09 / 2021 |
| Profit/(Loss) from continuing operation attributable to equity holders of the Company (RM'000) | (14,120) | 738 | (18,498) | 1,343 |
| Profit/(Loss) from discontinued operation (RM'000) | - | 211 | - | 306 |
| | <u>(14,120)</u> | <u>949</u> | <u>(18,498)</u> | <u>1,650</u> |
| Weighted average number of ordinary shares in issue ('000) | | | | |
| Total number of ordinary shares | 136,208 | 136,208 | 136,208 | 136,208 |
| Treasury shares | (1,289) | (1,289) | (1,289) | (1,289) |
| | <u>134,919</u> | <u>134,919</u> | <u>134,919</u> | <u>134,919</u> |
| Potential maximum shares from the warrants and ESOS option conversion to new shares | 47,412 | 47,412 | 47,412 | 47,412 |
| Potential maximum number of ordinary shares | <u>182,331</u> | <u>182,331</u> | <u>182,331</u> | <u>182,331</u> |
| Basic earnings per share (sen) : | | | | |
| Profit/(loss) from continuing operations | (10.46) | 0.55 | (13.71) | 1.00 |
| Profit/(loss) from discontinued operations | - | 0.16 | - | 0.23 |
| Diluted earnings per share (sen) : | | | | |
| Profit/(loss) from continuing operations | (7.74) | 0.40 | (10.15) | 0.74 |
| Profit/(loss) from discontinued operations | - | 0.12 | - | 0.17 |

By Order of the Board
ENRA Group Berhad