

ENRA GROUP BERHAD
(Company No. 199201005296/ 236800-T)
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPT 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 / 09 / 2021 RM ' 000	As at 31 / 03 / 2021 RM ' 000
ASSETS		
Non-current assets		
Property, plant and equipment	77,239	100,524
Right of use assets	9,213	11,538
Deferred tax assets	-	247
Intangible assets	-	3,708
Goodwill on acquisitions	401	4,404
Contract cost assets	1,014	390
Trade receivables	512	123
	<u>88,379</u>	<u>120,934</u>
Current assets		
Inventories	70,164	63,853
Trade and other receivables	18,638	15,134
Contract assets	899	3,259
Derivative assets	200	553
Current tax assets	378	738
Cash and bank balances and short term funds	12,671	35,657
Assets held for sale	50,899	-
	<u>153,849</u>	<u>119,194</u>
TOTAL ASSETS	<u>242,228</u>	<u>240,128</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
Treasury Shares	(1,199)	(1,199)
Non-distributable reserves	636	816
Reserves	(31,341)	(32,991)
	<u>115,726</u>	<u>114,256</u>
Non-controlling interests	7,430	3,965
Total equity	<u>123,156</u>	<u>118,221</u>
Non-current liabilities		
Deferred tax liabilities	167	704
Trade and other payables	22,769	13,658
Borrowings	-	8,393
Lease liabilities	1,558	1,739
Redeemable convertible preference shares liability	6,705	6,465
	<u>31,199</u>	<u>30,959</u>
Current liabilities		
Trade and other payables	31,302	35,891
Derivative liabilities	239	344
Borrowings	34,102	53,346
Lease liabilities	193	922
Current tax liabilities	748	445
Liabilities held for sale	21,289	-
	<u>87,873</u>	<u>90,948</u>
Total liabilities	119,072	121,907
TOTAL EQUITY AND LIABILITIES	<u>242,228</u>	<u>240,128</u>
Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)	<u>0.86</u>	<u>0.85</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 2021 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 2021**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarters	
	30 / 09 / 2021	30 / 09 / 2020	30 / 09 / 2021	30 / 09 / 2020
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Revenue	18,495	13,558	32,762	26,779
Cost of sales	(11,672)	(10,466)	(19,721)	(22,508)
Gross profit	6,823	3,092	13,041	4,271
Other operating income	111	78	167	443
Operating expenses	(3,413)	(2,997)	(6,814)	(7,311)
Profit/(Loss) from operations	3,521	173	6,394	(2,597)
Lease interest expense	(36)	(12)	(71)	(70)
Finance cost	(544)	(637)	(1,155)	(1,315)
Profit/(Loss) before taxation	2,941	(476)	5,168	(3,982)
Taxation	(417)	25	(559)	(9)
Profit/(Loss) after taxation	2,524	(451)	4,609	(3,991)
Discontinued operations				
(Loss) for the financial period from discontinued operations, net of tax	211	1,580	306	1,679
Profit/(Loss) for the financial period	2,735	1,129	4,915	(2,312)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	59	(1,036)	20	(911)
Total comprehensive (loss)/ income for the financial period	2,794	93	4,935	(3,223)
Profit/(Loss) attributable to:-				
Equity holders of the Company	949	1,538	1,650	(1,173)
Non-controlling interests	1,786	(409)	3,265	(1,139)
	2,735	1,129	4,915	(2,312)
Total comprehensive income/(loss) attributable to:-				
Equity holders of the Company	797	1,119	1,470	(1,367)
Non-controlling interests	1,997	(1,026)	3,465	(1,856)
	2,794	93	4,935	(3,223)
Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):				
(a) Basic				
Profit/(loss) from continuing operations	0.55	(0.03)	1.00	(2.11)
Profit/(loss) from discontinued operations	0.16	1.17	0.23	1.24
(b) Fully diluted				
Profit/(loss) from continuing operations	0.41	n/a	0.75	n/a
Profit/(loss) from discontinued operations	0.12	n/a	0.17	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 2021 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 2021

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	Exchange Translation Reserve RM ' 000	Treasury Shares RM ' 000	Accumulated Losses RM ' 000	Total RM ' 000	Non- controlling Interests RM ' 000	Total Equity RM ' 000
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 (loss)/income	-	-	(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
Financial year ended 31 March 2021								
As at 1 April 2020	144,744	2,886	371	(1,199)	(24,977)	121,825	2,440	124,265
Loss for the financial year	-	-	-	-	(1,173)	(1,173)	(1,139)	(2,312)
Other comprehensive loss, net of tax	-	-	(194)	-	-	(194)	(717)	(911)
Total comprehensive income/(loss)	-	-	(194)	-	(1,173)	(1,367)	(1,856)	(3,223)
Dividends to equity holders of the Company	-	-	-	-	(1,686)	(1,686)	-	(1,686)
Total transactions with owners	-	-	-	-	(1,686)	(1,686)	-	(1,686)
As at 30 Sept 2020	144,744	2,886	177	(1,199)	(27,836)	118,772	584	119,356

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 2021 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 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative quarters ended	
	30 / 09 / 2021	30 / 9 / 2020
	RM ' 000	RM ' 000
Cash flows from operating activities		
Profit/(Loss) before taxation		
Continuing operation	5,168	(3,982)
Discontinued operation	460	2,022
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	4,067	3,631
Depreciation of right of use assets	355	496
Amortisation of intangible assets	150	117
Fair value loss on derivatives	247	(591)
Gain on disposal of property, plant and equipment	74	(79)
Unrealised gain/(loss) on foreign exchange	(17)	1,376
Unwinding of redeemable convertible preference shares discount	240	226
Lease interest expense	76	137
Interest expense	1,155	1,612
Interest income	(82)	(158)
Operating profit before changes in working capital	11,893	4,807
Changes in working capital	(9,866)	20,947
Net tax paid	(157)	(939)
Net cash (used in)/ from operating activities	1,870	24,815
Cash flows from investing activities		
Interest received	82	158
(Placement)/Uplift of pledged deposits	(7,035)	(2,088)
Proceeds from disposal of property, plant and equipment	6	-
Acquisition of property, plant and equipment	(1,276)	(13,799)
Contingent consideration paid	(680)	-
Net cash from/(used in) investing activities	(8,903)	(15,729)
Cash flows from financing activities		
Interest paid	(1,155)	(1,612)
Dividends paid to equity holders of the Company	-	(1,686)
Net (repayment)/drawdown of borrowing	(11,609)	(29,901)
Repayment of lease liabilities	(597)	(426)
Net cash used in financing activities	(13,361)	(33,625)
Net decrease in cash and cash equivalents	(20,394)	(24,539)
Cash and cash equivalents at beginning of financial period	30,510	44,535
Effect of foreign currency exchange rate changes	(45)	60
Cash and cash equivalents at end of financial period		
Continuing operations	8,461	16,942
Discontinued operations	1,610	3,114
Cash and cash equivalents comprise:-		
Continuing operations		
Cash and bank balances	12,671	20,084
Less: Deposits pledged to licensed banks	(4,210)	(3,142)
	8,461	16,942
Discontinued operations		
Cash and bank balances	9,108	12,857
Less: Bank overdrafts	(1,109)	(1,719)
Deposits pledged to licensed banks	(6,389)	(8,024)
	1,610	3,114

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 2021 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 2021.

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 2021, 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 2021:

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

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:
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
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
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statement)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting estimates and Errors)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment s to MFRS 112)</i>	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 2021 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 20.

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 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.

a) Free Warrants

The proposed issuance of up to 45,402,647 free warrants in the Company on the basis of 1 warrant for every 3 existing shares, with conversion of 1 warrant for 1 new share of an exercise price to be determined later by the Board, has been approved by the shareholders in the Extraordinary General Meeting ("EGM") on 25 September 2020.

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 ("Exercise Period"), 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 28.

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 25 September 2020 to the conclusion of the next Annual General Meeting ("AGM") on 22 Oct 2021.

c) Shares Buy Back/ Treasury Shares

The Shareholders have given the Directors the renewed mandate to purchase its own shares from 25 September 2020 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 2021, 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. No ESS has been issued to date.

8 Dividends paid to equity holders of the Company

There were no dividend paid during the current quarter ended 30 Sept 2021.

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 / 2021	30 / 09 / 2020	30 / 09 / 2021	30 / 09 / 2020
	RM'000	RM'000	RM'000	RM'000
Products and services:				
Sale of properties	-	-	556	-
Sale of trading goods	16,895	33,909	5,365	1,228
Leasing	-	-	17,026	17,432
Services rendered	346	418	9,815	8,119
	<u>17,241</u>	<u>34,327</u>	<u>32,762</u>	<u>26,779</u>
Timing of revenue recognition:				
At a point in time	16,895	33,909	5,921	1,228
Over time	346	418	26,841	25,551
	<u>17,241</u>	<u>34,327</u>	<u>32,762</u>	<u>26,779</u>

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 2021						
Revenue						
- External	556	32,206	-	32,762	17,241	50,003
Results						
Operating (loss)/profit	(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)
Profit for the financial year				<u>4,609</u>	<u>306</u>	<u>4,915</u>
Earning before interest, tax, depreciation and amortisation	<u>(423)</u>	<u>14,200</u>	<u>(3,764)</u>	<u>10,013</u>	<u>1,715</u>	<u>11,728</u>

	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 2020						
Revenue						
- External	-	26,779	-	26,779	34,328	61,107
Results						
Operating profit/(loss)	(260)	2,066	(4,603)	(2,797)	1,119	(1,678)
Interest income				200	(42)	158
Lease interest expense				(70)	(67)	(137)
Finance cost				(1,315)	(296)	(1,611)
Tax expense				(9)	(344)	(353)
Loss for the financial year				<u>(3,991)</u>	<u>369</u>	<u>(3,622)</u>
Earning before interest, tax, depreciation and amortisation	<u>(173)</u>	<u>5,246</u>	<u>(4,307)</u>	<u>766</u>	<u>1,885</u>	<u>2,651</u>

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") 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. MSM has, on the same date, accepted the NBIO.

The Proposed acquisition of the Identified Assets consist of selected properties (together with building fixtures and fittings) ("Properties") as well as certain plant, equipment, inventories and machinery ("Selected Assets") owned by the vendor for an estimated total purchased consideration of RM60 million ("Estimated Consideration") to be satisfied by RM33 million in cash and the issuance of 27 million new ordinary shares of ENRA ("ENRA Share(s)") at an issue price of RM1.00 per ENRA Share.

Pursuant to the Proposed Acquisition, ENRA will enter into a rental arrangement(s) with Vendor for the Properties and Selected Assets for a period of up to 9 years, at RM3.3 million per annum or 18% of MSM's annual revenue, whichever is higher, on a triple net rental basis.

ENRA is also proposing to collaborate with MSM to grow ENRA's existing MRO business under ENRA Energy Solutions Sdn Bhd, a wholly-owned subsidiary of ENRA, on terms to be mutually agreed.

ENRA has appointed relevant advisers in respect of the various proposals above. The definitive agreement(s) relating to the proposals are only expected to be entered into after satisfactory completion of the undertaken due diligence exercise, which may take up to 3 months to complete from the receipt of all required information/document from the MSM.

The NBIO will be terminated in the event of occurrence of any material adverse events, and/or both ENRA and Vendor are unable to reach an agreement on the terms of the Definitive Agreements and mutually agree to part ways.

The conditions precedent of the Proposed Acquisition, amongst others, are as follows:

- i) ENRA has raised funds (both internal and bank borrowings) for the Proposed Acquisition;
- ii) the approvals have been obtained from shareholders of ENRA, and Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other relevant authorities/governmental bodies or parties; and
- iii) any other conditions as may be determined by ENRA to be set out in the Definitive Agreements

ENRA will make the necessary announcement upon the execution of the Definitive Agreements.

- (b) Proposed divestment of entire issued share capital of ENRA Kimia Sdn Bhd ("ENRA KIMIA") by ENRA Energy Sdn Bhd ("ENRA Energy") ("Proposed Divestment").

On 23 July 2021, ENRA Energy, a wholly-owned subsidiary of ENRA had received a Letter of Offer ("LO") dated the same date from Hextar Global Berhad ("Hextar Global") (49%) and Ekopintar Sdn Bhd ("Ekopintar") (51%), (collectively the "Acquirors") for an acquisition of the entire issued share capital of its subsidiary, ENRA Kimia for a total cash consideration of RM50 million ("Purchase Consideration"). The offer was accepted on the same date subject to the finalisation of the terms and conditions and execution of the definitive agreement(s) and receipt of approvals from shareholders of ENRA, Bursa Securities and/or any other relevant authorities/governmental bodies or parties as may be required.

The Purchase Consideration is payable as follows;

- i) 10% (RM5 million) payable upon signing the definitive agreement (s) e.g. share sale agreement, etc. relating to the Proposed Divestment ("Definitive Agreements"); and
- ii) 90% (RM45 million) payable upon the date of completion of the Proposed Divestment ("Completion").

ENRA has clarified that Dato' Mazlin bin Md Junid ("Dato' Mazlin"), the current President and Group CEO of ENRA owns 50% of Ekopintar and is a Director of Ekopintar. As such, the Proposed Divestment is a related party transaction pursuant to interests of Dato' Mazlin in the Proposed Divestment. In this respect, and for the record, Dato' Mazlin did not attend nor participate in the Board meeting to consider the Proposed Divestment.

ENRA has appointed the relevant advisers (including Independent Adviser to advise minority shareholders) before the finalisation of the terms of the Definitive Agreements.

On 2 August 2021, ENRA Energy had entered into a share sale agreement ("SSA") to dispose its entire equity interest in ENRA Kimia to Hextar Global and Ekopintar for a cash consideration of RM50 million, subject to the adjustment as set out in the SSA.

Shareholders approval on the proposed divestment has been obtained via Extraordinary General Meeting ("EGM") on 22 Oct 2021. The completion of proposal is currently pending on the fulfillment of the condition precedent of the SSA.

ENRA will make the necessary announcement upon the completion of the proposed divestment.

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 ("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.

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.

The discovery process is currently ongoing.

ESPML's solicitors advised that ESPML has valid and viable defences and a meritorious counterclaim on the facts. ESPML has therefore not made any provision for liabilities in respect of PT CMS's claims beyond what was already recognised up to the financial period ended 30 June 2021 nor recognised any asset arising from the counter claim against PT CMS.

Writ of summons (in rem) by ENRA SPM Sdn Bhd ("ESPM") and ENRA SPM Labuan Limited ("ESPML") against PT Cakra Manunggal Semesta

ESPML and ESPM had filed a Writ of Summons (in rem) at the High Court of the Republic of Singapore on 25 July 2020 against PT CMS and/or Demise Charterer of "MT BRATASENA" ("Vessel"), 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, and at the High Court of Sabah and Sarawak at Kuching on 28 July 2020 (collectively "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. These Writs have either lapsed or will be allowed to lapse.

ENRA will make the necessary announcements on further developments of the above matter as and when necessary.

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. Controval served their Reply and Defence to Counterclaim on the 6th of August 2021. ESPML served its Rejoinder and Reply to Counterclaim on the 20 August 2021.

At this stage, the Company is unable to determine reliably the potential financial impact on the Group's results for the period ended 30 September 2021.

ENRA will make the necessary announcements on further developments of the above matter as and when necessary.

13 Significant related party transactions

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

	Cumulative Quarters	
	30 / 09 / 2021	30 / 09 / 2020
	RM'000	RM'000
i) Purchase of goods and services from non-controlling interest of subsidiaries	3,077	482
ii) Provision of operation and maintenance (O&M) services from a non-controlling interest of subsidiaries	3,428	3,511
iii) Project management fee from non-controlling interest of subsidiaries	420	682
iv) Interest charges on advances from a non-controlling interest of subsidiaries	90	414
v) Sales of goods and services to non-controlling interest of subsidiaries	(835)	(212)
vii) Commission fee paid to company owned by a director of subsidiary	96	7

In the 28th Annual General Meeting ("AGM") on 25 September 2020, 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 RM36.0 million and RM8.0 million respectively from 25 September 2020 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 2021 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 Capital commitments

The capital commitments as at the end of the quarter/period are as follows:

	As at 30 / 09 / 2021	As at 30 / 09 / 2020
	RM'000	RM'000
Approved and contracted for		
- Purchase of property, plant and equipment	-	2,789
Approved but not contracted for		
- Purchase of property, plant and equipment	17	2,106

16 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 trading and supply of products like specialty chemicals, 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.

Quarter	Revenue			Consolidated
	Property development	Energy services	Investment holdings and others	
		RM'000	RM'000	RM'000
FY21/22:				
Quarter 1	392	13,876	-	14,268
Quarter 2	164	18,330	-	18,494
Full financial year	556	32,206	-	32,762
Revenue from discontinued operation	-	17,241	-	17,241
Full financial year including discontinuing operation	556	49,447	-	50,003

Quarter	Revenue			Consolidated
	Property development	Energy services	Investment holdings and others	
	RM'000	RM'000	RM'000	
FY20/21:				
Quarter 1	-	13,221	-	13,221
Quarter 2	-	13,558	-	13,558
Quarter 3	490	12,827	-	13,317
Quarter 4	1,184	14,021	-	15,205
Full financial year	1,674	53,627	-	55,301
Revenue from discontinued operation**	-	57,498	-	57,498
Full financial year including discontinuing operation	1,674	111,125	-	112,799

Quarter	<u>(Loss)/Profit before taxation</u>			Consolidated
	Property development	Energy services	Investment holdings and others	
	RM'000	RM'000	RM'000	
FY21/22:				
Quarter 1	(479)	4,771	(2,064)	2,228
Quarter 2	(435)	5,350	(1,974)	2,941
Full financial year	(914)	10,121	(4,038)	5,169
PBT from discontinued operation	-	460	-	460
Full financial year including discontinuing operation	(914)	10,581	(4,038)	5,629

FY20/21:				
Quarter 1	(300)	(1,004)	(2,200)	(3,504)
Quarter 2	(246)	2,207	(2,439)	(478)
Quarter 3	(287)	4,082	(1,866)	1,929
Quarter 4	(440)	(1,151)	(4,093)	(5,684)
Full financial year	(1,273)	4,134	(10,598)	(7,737)
PBT from discontinued operation**	-	4,339	-	4,339
Full financial year including discontinuing operation	(1,273)	8,473	(10,598)	(3,398)
Exceptional items	30	8,505	-	8,535
Full financial year excluding exceptional items	(1,243)	16,978	(10,598)	5,137

** The revenue and PBT from discontinued operation for FYE 31 Mar 2021 are prepared for comparison purpose only. The SSA for the disposal of EKSB group of companies was signed on 2 August 2021.

Q2 FY21/22 v Q2 FY20/21

For the individual quarter ended 30 Sept 2021 ("Q2 FY21/22"), the Group's revenue increased by RM4.94 million due to higher contribution from the Energy Services Division as compared to the same quarter last year. In line with the increase in revenue, the Group recorded a profit before taxation ("PBT") of RM2.94 million against Loss before taxation ("LBT") of RM0.48 million in Q2 FY20/21.

The Energy Services division recorded a higher revenue of 35% against the same quarter last year, mainly due to the contribution from ENRA IOL Sdn Bhd, our energy savings LED business. The PBT for Q2 FY21/22 of RM5.35 million was 140% higher compared to last year as the FSO leasing business had previously incurred significant high costs.

The Property Development Division recorded a revenue of RM0.17 million in Q2 FY21/22 as compared to none in the same quarter last year, due to our maiden project in Teluk Panglima Garang under Q Homes brand. The Division is still incurring a loss as a result of an increase in headcount to manage the increased number of projects in the pipeline.

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

Q2 FY21/22 v Q1 FY21/22

For the financial quarter under review, the Group recorded a higher revenue of RM18.50 million compared to RM14.27 million in Q1 FY21/22, mainly due to the progress billing of a project under ENRA IOL Sdn Bhd. On the same note, the Group also made a higher PBT of RM2.94 million from PBT of RM2.23 million in the previous quarter.

18 Discontinued Operation

	Individual Quarter		Cumulative Quarters	
	30 / 09 / 2021 RM ' 000	30 / 09 / 2020 RM ' 000	30 / 09 / 2021 RM ' 000	30 / 09 / 2020 RM ' 000
Revenue	9,274	21,901	17,241	34,327
Profit from operations	563	2,103	1,027	2,386
Profit before taxation	257	1,848	460	2,022
Profit after taxation	211	1,579	306	1,678

The discontinued operation is pertaining to divestment of ENRA Kimia Sdn Bhd and its subsidiaries ("EK Group/ Proposed Divestment") as disclosed above in Note 11 (b).

19 Future prospects

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

(a) Property Development Division

The general progress of our projects was affected by the prolong lockdown associated with EMCO during the start of FY21/22. However, on a positive note, despite the lockdown, the construction of our maiden project is on course to be completed by April 2022. We have managed to obtain planning approval for some of our projects and also able to secure three (3) more plots of land for our affordable homes projects. Our overall outlook remains optimistic as we remain confident in our chosen market segments.

(b) Energy Services Division

Despite the prolonged Covid-19 crisis, the Energy Services Division is expected to remain profitable in this financial year. The upstream service provider sub-segment is showing early sign of recovery with higher and stable oil price. Key marginal and brownfield related projects continue to progress and we expect such activities to start picking up in the current financial year. However, in the downstream sector, refineries and petrochemical plants in Malaysia have continued to delay shutdowns and maintenance works in order to defer expenses. Our overall outlook remains positive.

The Group will focus on achieving our FY'21/22 revenue target, operational improvement and cost management initiatives.

20 Profit forecast

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

21 (Loss)/Profit for the financial year

	Cumulative Quarters	
	30 / 09 / 2021 RM'000	30 / 09 / 2020 RM'000
(Loss)/Profit before taxation is arrived at after (crediting) / charging		
Interest income	(82)	(158)
Interest expense	1,155	1,612
Lease interest expense	76	137
Other income including investment income	(55)	(285)
Depreciation of property, plant and equipment	4,067	3,631
Depreciation of right of use assets	355	496
Amortisation of intangible assets	150	117
Fair value loss on derivatives	247	(591)
Loss on disposal of property, plant and equipment	74	(79)
Unrealised (gain)/loss on foreign exchange	(17)	1,376
Realised loss/(gain) from foreign exchange	(30)	-

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.

22 Income tax expense

Continuing Operations:

	Individual Quarter		Cumulative Quarter	
	30 / 09 / 2021 RM'000	30 / 09 / 2020 RM'000	30 / 09 / 2021 RM'000	30 / 09 / 2020 RM'000
Malaysian income tax :-				
- current taxation	417	(25)	559	9
- under provision for prior year	-	-	16	-
	417	(25)	575	9

Discontinued Operations:

	Individual Quarter		Cumulative Quarter	
	30 / 09 / 2021 RM'000	30 / 09 / 2020 RM'000	30 / 09 / 2021 RM'000	30 / 09 / 2020 RM'000
Malaysian income tax :-				
- current taxation	99	-	99	-
Australian income tax :-				
- current taxation	18	268	55	344
	117	268	154	344

The Group's effective tax rate improved over time. last year, the effective tax rate is higher than the statutory tax rate as some companies registered loss before taxation and certain expenses are not allowable for tax deductions and Australia income tax rate is higher than Malaysia statutory tax rate.

23 Goodwill

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

	As at 30 / 09 / 2021	As at 30 / 09 / 2020
	RM'000	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	401
51% of Abode Senior Living Limited ("ASLL")	-	24
51% of Q Homes Sdn. Bhd. ("Q Homes")	-	7
	<u>401</u>	<u>12,941</u>

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 period.

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 Sept 2021:						
Secured							
Bank overdrafts	-	-	-	-	-	-	-
Term loans	10,707	16,195	-	-	10,707	16,195	26,902
Trade facilities	-	7,200	-	-	-	7,200	7,200
	<u>10,707</u>	<u>23,395</u>	<u>-</u>	<u>-</u>	<u>10,707</u>	<u>23,395</u>	<u>34,102</u>
As at 30 Sept 2020:							
Secured							
Bank overdrafts	-	1,719	-	-	-	1,719	1,719
Term loans	10,143	13,079	2,788	34,018	12,931	47,097	60,028
Trade facilities	-	12,212	-	-	-	12,212	12,212
	<u>10,143</u>	<u>27,010</u>	<u>2,788</u>	<u>34,018</u>	<u>12,931</u>	<u>61,028</u>	<u>73,959</u>

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 Sept 2021 are as follows:

	Currency	Notional value RM'000	Net Fair value gain/(loss) RM'000
As at 30 Sept 2021:			
Forward currency selling contracts less than 1 year	GBP	1,867	(239)
Forward currency buying contracts more than 1 year	USD	4,714	200
Net fair value loss			<u>(39)</u>
As at 30 Sept 2020:			
Forward currency selling contracts less than 1 year	GBP	1,867	(188)
Forward currency selling contracts less than 1 year	USD	734	(45)
Forward currency selling contracts less than 1 year	USD	10,403	824
Net fair value loss			<u>591</u>

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 except as disclosed in Note 20.

27 Material litigation

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

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 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 are converted into new ordinary shares.

	Quarter Ended		Cumulative Quarter Ended	
	30 / 09 / 2021	30 / 09 / 2020	30 / 09 / 2021	30 / 09 / 2020
Profit/(Loss) from continuing operation attributable to equity holders of the Company (RM'000)	738	(42)	1,344	(2,852)
Profit/(Loss) from discontinued operation (RM'000)	211	1,580	306	1,679
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 conversion to new shares	44,972	-	44,972	-
Potential maximum number of ordinary shares	<u>179,891</u>	<u>134,919</u>	<u>179,891</u>	<u>134,919</u>
Basic earnings per share (sen) :				
Profit/(loss) from continuing operations	0.55	(0.03)	1.00	(2.11)
Profit/(loss) from discontinued operations	0.16	1.17	0.23	1.24
Diluted earnings per share (sen) :				
Profit/(loss) from continuing operations	0.41	n/a	0.75	n/a
Profit/(loss) from discontinued operations	<u>0.12</u>	<u>n/a</u>	<u>0.17</u>	<u>n/a</u>

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

There were no dividend declared during the current quarter ended 30 Sept 2021.

By Order of the Board
ENRA Group Berhad