

**ENRA GROUP BERHAD**  
**(Registration No. 199201005296/ 236800-T)**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DEC 2022**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 31 / 12 / 2022 RM ' 000	As at 31 / 03 / 2022 RM ' 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	64,388	65,381
Right of use assets	8,816	9,110
Goodwill on acquisitions	400	400
Contract cost assets	277	276
	<u>73,881</u>	<u>75,167</u>
<b>Current assets</b>		
Inventories	65,261	72,072
Trade and other receivables	10,838	18,629
Contract assets	17	1,046
Derivative assets	312	-
Current tax assets	217	124
Cash and bank balances and short term funds	9,397	20,287
	<u>86,042</u>	<u>112,158</u>
Non-current assets held for sale		
<b>TOTAL ASSETS</b>	<b><u>159,923</u></b>	<b><u>187,325</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	144,744	144,744
Redeemable convertible preference shares equity	2,886	2,886
Treasury Shares	(1,199)	(1,199)
Non-distributable reserves	1,373	532
Reserves	<u>(53,987)</u>	<u>(35,656)</u>
	93,817	111,307
<b>Non-controlling interests</b>	3,726	2,087
<b>Total equity</b>	<u>97,543</u>	<u>113,394</u>
<b>Non-current liabilities</b>		
Trade and other payables	22,827	22,833
Lease liabilities	1,586	1,495
Redeemable convertible preference shares liability	6,319	6,959
	<u>30,732</u>	<u>31,287</u>
<b>Current liabilities</b>		
Trade and other payables	16,803	37,244
Contract Liability	289	962
Borrowings	13,251	3,877
Lease liabilities	1	125
Redeemable convertible preference shares liability	1,036	-
Current tax liabilities	268	436
	<u>31,648</u>	<u>42,644</u>
<b>Total liabilities</b>	62,380	73,931
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>159,923</u></b>	<b><u>187,325</u></b>
<b>Net assets per share (after deducting the treasury shares) attributable to equity holders of the Company (RM)</b>	<b><u>0.70</u></b>	<b><u>0.82</u></b>

*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**  
**(Registration No. 199201005296/ 236800-T)**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DEC 2022**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarters	
	31 / 12 / 2022	31 / 12 / 2021	31 / 12 / 2022	31 / 12 / 2021
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Revenue	10,829	15,379	20,656	48,141
Cost of sales	(8,560)	(9,532)	(25,256)	(29,253)
Gross (loss)/profit	2,269	5,847	(4,600)	18,888
Other operating income	598	19,659	1,435	19,826
Operating expenses	(3,273)	(9,343)	(23,348)	(16,157)
(Loss)/ Profit from operations	(406)	16,163	(26,513)	22,557
Lease interest expense	(30)	(34)	(92)	(105)
Finance cost	(525)	(419)	(984)	(1,574)
(Loss)/ Profit before taxation	(961)	15,710	(27,589)	20,878
Taxation	8	(439)	(27)	(998)
(Loss)/ Profit after taxation	(954)	15,271	(27,616)	19,880
<b>Discontinued operations</b>				
Profit for the financial period from discontinued operations, net of tax	-	263	-	569
(Loss)/ Profit for the financial period	(954)	15,534	(27,616)	20,449
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	(2,493)	(1,259)	2,231	(1,239)
<b>Total comprehensive (loss)/ income for the financial period</b>	<b>(3,447)</b>	<b>14,275</b>	<b>(25,385)</b>	<b>19,210</b>
(Loss)/ Profit/ attributable to:-				
Equity holders of the Company	168	14,255	(18,331)	15,904
Non-controlling interests	(1,121)	1,279	(9,285)	4,545
	(953)	15,534	(27,616)	20,449
Total comprehensive (loss)/income attributable to:-				
Equity holders of the Company	(1,031)	13,503	(17,490)	14,973
Non-controlling interests	(2,416)	772	(7,895)	4,237
	(3,447)	14,275	(25,385)	19,210
<b>Earnings per share (after deducting the treasury shares) attributable to equity holders of the Company (sen):</b>				
(a) Basic				
(Loss)/ Profit from continuing operations	0.13	10.37	(13.59)	11.37
Profit from discontinued operations	-	0.19	-	0.42
(b) Fully diluted				
(Loss)/ Profit from continuing operations	0.09	7.67	(10.05)	8.41
Profit from discontinued operations	-	0.14	-	0.31

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**  
(Registration No. 199201005296/ 236800-T)  
**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DEC 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	
<b>Financial year ended 31 March 2023</b>								
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	-	-	-	-	(18,331)	(18,331)	(9,285)	(27,616)
Other comprehensive (loss)/income, net of tax	-	-	841	-	-	841	1,390	2,231
<b>Total comprehensive (loss)/income</b>	-	-	841	-	(18,331)	(17,490)	(7,895)	(25,385)
Issue of shares by subsidiaries to a non-controlling interest	-	-	-	-	-	-	30	30
Issuance capital contribution reserve to a non-controlling interest	-	-	-	-	-	-	10,050	10,050
Repayment of capital contribution to non-controlling interest	-	-	-	-	-	-	(546)	(546)
<b>Total transactions with owners</b>	-	-	-	-	-	-	9,534	9,534
As at 31 Dec 2022	144,744	2,886	1,373	(1,199)	(53,987)	93,817	3,726	97,543
<b>Financial year ended 31 March 2022</b>								
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	-	-	-	-	15,904	15,904	4,545	20,449
Other comprehensive (loss)/income, net of tax	-	-	(931)	-	-	(931)	(308)	(1,239)
<b>Total comprehensive income/(loss)</b>	-	-	(931)	-	15,904	14,973	4,237	19,210
Disposal of a subsidiary	-	-	-	-	-	-	-	-
Dividends to equity holders of the Company	-	-	-	-	(9,984)	(9,984)	-	(9,984)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-
Dilution of non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Net additional interest in subsidiaries	-	-	-	-	-	-	-	-
Issuance capital contribution reserve	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-	(9,984)	(9,984)	-	(9,984)
As at 31 Dec 2021	144,744	2,886	(115)	(1,199)	(27,071)	119,245	8,202	127,447

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**  
**(Registration No. 199201005296/ 236800-T)**  
**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DEC 2022**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Cumulative quarters ended</b>	
	<b>31 / 12 / 2022</b>	<b>31 / 12 / 2021</b>
	<b>RM ' 000</b>	<b>RM ' 000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation		
Continuing operation	(27,589)	20,878
Discontinued operation	-	808
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	4,286	5,156
Depreciation of right of use assets	294	247
Amortisation of intangible assets	-	199
Provision for Net Realisable Value ("NRV") loss on inventories	3,439	-
Realised gain on derivative	-	(186)
Fair value (gain)/loss on derivatives	(312)	423
Gain on disposal of subsidiaries	-	(19,589)
Loss on disposal of property, plant and equipment	-	74
Unrealised loss on foreign exchange	333	(7)
- Unwinding of redeemable convertible preference shares discount	396	369
- Unwinding of lease interest	92	105
- Borrowings	588	1,205
Interest income	(92)	(129)
Operating profit before changes in working capital	(18,565)	9,553
Changes in working capital	(445)	(13,681)
Net tax paid	(142)	(66)
<b>Net cash (used in)/ from operating activities</b>	<b>(19,152)</b>	<b>(4,194)</b>
<b>Cash flows from investing activities</b>		
Interest received	92	129
(Placement)/ Uplift of pledged deposits	1,955	(1,045)
Proceeds from disposal of property, plant and equipment	-	(147)
Net proceeds from disposal of subsidiaries	-	42,297
Acquisition of property, plant and equipment	-	(91)
Contingent consideration paid	-	(680)
<b>Net cash from/(used in) investing activities</b>	<b>2,047</b>	<b>40,463</b>
<b>Cash flows from financing activities</b>		
Interest paid	(588)	(1,206)
Dividend paid equity holders of the Company	-	(9,984)
Capital contribution from NCI	(545)	-
Net (repayment)/drawdown of borrowing	9,249	(24,136)
Repayment of lease liabilities	(124)	(333)
<b>Net cash used in financing activities</b>	<b>7,992</b>	<b>(35,659)</b>
Net decrease in cash and cash equivalents	(9,113)	610
Cash and cash equivalents at beginning of financial period	16,052	30,510
Effect of foreign currency exchange rate changes	177	(58)
Cash and cash equivalents at end of financial period	<u>7,116</u>	<u>31,062</u>
Cash and cash equivalents comprise:-		
Cash and bank balances	9,397	35,268
Less: Deposits pledged to licensed banks	(2,280)	(4,206)
	<u>7,117</u>	<u>31,062</u>

*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:

<b>Title:</b>	<b>Effective date for the financial period commencing on or after:</b>
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:

<b>Title:</b>	<b>Effective date for the financial period commencing on or after:</b>
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 16 Leases - Lease liability in a sale and leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statement - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statement - Non-current Liabilities with Covenants	1 January 2024
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 31 Dec 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 31 Dec 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 31 Dec 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	
	31 / 12 / 2022	31 / 12 / 2021	31 / 12 / 2022	31 / 12 / 2021
	RM'000	RM'000	RM'000	RM'000
<b>Products and services:</b>				
Sale of properties	-	-	5,475	1,509
Sale of trading goods	-	24,915	22	6,913
Leasing	-	-	8,505	25,634
Services rendered	-	695	6,654	14,085
	-	25,610	20,656	48,141
<b>Timing of revenue recognition:</b>				
At a point in time	-	24,915	5,737	6,913
Over time	-	695	14,919	41,228
	-	25,610	20,656	48,141

## 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		
<b>Financial period ended 31 Dec 2022</b>						
<b>Revenue</b>						
- External	5,475	15,181	-	20,656	-	20,656
<b>Results</b>						
Operating (loss)/profit	(3,919)	(17,671)	(5,014)	(26,605)	-	(26,605)
Interest income				92	-	92
Lease interest expense				(92)	-	(92)
Finance cost				(984)	-	(984)
Tax expense				(27)	-	(27)
Profit for the financial year				(27,616)	-	(27,616)
Earning before interest, tax, depreciation and amortisation	(3,783)	(13,307)	(4,930)	(22,020)	-	(22,020)

	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		
<b>Financial period ended 31 Dec 2021</b>						
<b>Revenue</b>						
- External	1,506	46,635	-	48,141	25,610	73,751
<b>Results</b>						
Operating profit/(loss)	(463)	34,709	(11,818)	22,428	1,456	23,884
Interest income				129	-	129
Lease interest expense				(105)	(5)	(110)
Finance cost				(1,574)	(643)	(2,217)
Tax expense				(998)	(239)	(1,237)
Loss for the financial year				19,880	569	20,449
Earning before interest, tax, depreciation and amortisation	(327)	40,024	(11,750)	27,947	-	27,947

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 ("ESFML 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	
		31 / 12 / 2022	31 / 12 / 2021
		RM'000	RM'000
i)	Purchase of goods and services from non-controlling interest of subsidiaries	21	3,425
ii)	Provision of operation and maintenance (O&M) services from a non-controlling interest of subsidiaries	2,675	5,161
iii)	Project management fee from non-controlling interest of subsidiaries	720	630
iv)	Interest charges on advances from a non-controlling interest of subsidiaries	-	134
v)	Sales of goods and services to non-controlling interest of subsidiaries	(63)	(941)
vi)	Commision fee paid to company owned by a director of subsidiary	2	159

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.

Quarter	Revenue			Consolidated
	Property development	Energy services	Investment holdings and others	
	RM'000	RM'000	RM'000	RM'000
<b>FY22/23:</b>				
Quarter 1	5,053	4,574	-	9,627
Quarter 2	122	78	-	200
Quarter 3	300	10,529	-	10,829
Full financial year	5,475	15,181	-	20,656

Quarter	Revenue			Consolidated
	Property development	Energy services	Investment holdings and others	
	RM'000	RM'000	RM'000	RM'000
<b>FY21/22:</b>				
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	2,675	60,032	-	62,707
Revenue from discontinued operation**	-	25,609	-	25,609
Full financial year including discontinuing operation	2,675	85,641	-	88,316

Quarter	(Loss)/Profit before taxation			Consolidated
	Property development	Energy services	Investment holdings and others	
	RM'000	RM'000	RM'000	RM'000
<b>FY22/23:</b>				
Quarter 1	(45)	(3,066)	(1,702)	(4,813)
Quarter 2	(4,181)	(15,884)	(1,749)	(21,814)
Quarter 3	(176)	1,226	(2,012)	(962)
Full financial year	(4,402)	(17,724)	(5,464)	(27,589)
<b>FY21/22:</b>				
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	(1,533)	23,013	(15,231)	6,249
PBT from discontinued operation**	-	808	-	808
Full financial year including discontinuing operation	(1,533)	23,821	(15,231)	7,057
Exceptional items	241	(10,342)	-	(10,101)
Full financial year excluding exceptional items	(1,292)	13,479	(15,231)	(3,044)

### **Q3 FY22/23 vs Q3 FY21/22**

For the third quarter ended 31 December 2022 ("Q3 FY22/23"), a total of RM10.83 million revenue was contributed by both Energy Services and Property Divisions which is 30% lower as compared to the same quarter last year of RM15.38 million. As for the profitability for the quarter, the Group recorded a loss before taxation ("LBT") of RM0.96 million against profit before taxation ("PBT") of RM15.71 million for the same period last year.

The Energy Services Division recorded revenue of RM10.53 million for the quarter, a combination of revenue contributed from its new Floating Storage and Offloading ("FSO") contract in Myanmar that has started in October 2022 and from its Maintenance, Repair and Overhaul ("MRO") operation.

The Property Development Division recorded RM0.30 million, a 69% lower revenue in Q3 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, we expect to deliver vacant possession to the buyers by Q1 of the next financial year. The Division recorded 15% lower Loss Before Taxation ("LBT") for the quarter as compared to the same period last year.

### **FY22/23 vs FY21/22**

Revenue for the period ended 31 December 2022 of RM20.66 million is 57% lower as compared to RM48.14 million recorded in the same period last financial year due to a lower contribution from Energy Services Division.

The Group recorded LBT of RM27.59 million from last year PBT of RM20.88 million was due to lower revenue and the impact from the provision for impairment 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 that commenced in October 2022.

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

### **Q3 FY22/23 vs Q2 FY22/23**

Revenue for Q3 FY22/23 of RM10.83 million was significantly higher against revenue of RM0.20 million recorded in Q2 FY22/23 which was mainly contributed from the new FSO contract and MRO operation. Accordingly, the LBT for the Q3 FY22/23 has significantly improved as compared to LBT of RM21.81 million recorded in the last quarter, Q2 FY22/23.

## **17 Future prospects**

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

### **(a) Property Development Division**

The property market in the fourth quarter of 2022 remains soft due to the lingering economic impact of the Covid-19 pandemic. There has been a slight delay in getting the final certification due to the shortage of materials for our fully-sold maiden project, Taman Iram Perdana. Earthworks for further two new sites have been completed and one is on track with physical construction progress. Delayed approvals from authorities have also affected the timing of some of our project launches.

As such, the outlook of our property development division remains cautiously optimistic. We are keeping a close eye on the increase in construction prices and the possibility of another overnight policy rate (OPR) hike. The property market is expected to gradually recover as the economy stabilises in the next year.

### **(b) Energy Services Division**

The Floating Storage and Offloading Facilities business completed its 57-month contract in May 2022 and had managed to re-deploy its assets - Ratu ENRA and a Single Point Mooring ("SPM") system for a 6-month 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 on the extension of our contract and on landing a new contract upon completion of the current contract.

The Maintenance, Repair and Overhaul ("MRO") business has aspirations to broaden its horizon into both government and commercial sectors. The team presently continues to provide MRO support for the oil & gas segment while participating in government MRO tenders. Collaboration has been established with local partners to develop a state-of-the-art MRO center to undertake cradle-to-grave support for diesel engines from various applications, specialised and precision machining, and generator installation for all industries.

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	
	31 / 12 / 2022	31 / 12 / 2021
	RM'000	RM'000
(Loss)/Profit before taxation is arrived at after (crediting) / charging		
Interest income	(92)	(129)
Interest expense	984	1,574
Lease interest expense	92	105
Other income including investment income	(1,343)	(19,697)
Depreciation of property, plant and equipment	4,286	5,156
Depreciation of right of use assets	294	247
Amortisation of intangible assets	-	199
Fair value loss on derivatives	(312)	423
Provision for NRV loss on inventories	3,439	-
Loss/ (gain) on disposal of property, plant and equipment	-	74
Unrealised loss/ (gain) on foreign exchange	333	(7)
Realised loss/(gain) from foreign exchange	1,152	(48)

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:

	Individual Quarter		Cumulative Quarter	
	31 / 12 / 2022	31 / 12 / 2021	31 / 12 / 2022	31 / 12 / 2021
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax :-				
- current taxation	(8)	439	46	982
- under provision for prior year	-	-	(19)	16
	(8)	439	27	998

### Discontinuing Operations:

	Individual Quarter		Cumulative Quarter	
	31 / 12 / 2022	31 / 12 / 2021	31 / 12 / 2022	31 / 12 / 2021
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	-	25	-	124
Australian income tax	-	60	-	115
	-	85	-	239

## 21 Goodwill

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

	As at	As at
	31 / 12 / 2022	31 / 12 / 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	
<b>As at 31 Dec 2022:</b>							
<b>Secured</b>							
Term loans	-	8,251	-	-	-	8,251	8,251
Trade facilities	-	5,000	-	-	-	5,000	5,000
	-	13,251	-	-	-	13,251	13,251
<b>As at 31 Dec 2021:</b>							
<b>Secured</b>							
Term loans	10,709	10,682	-	-	10,709	10,682	21,391
Trade facilities	-	-	-	-	-	-	-
	10,709	10,682	-	-	10,709	10,682	21,391

## 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
<b>As at 31 Dec 2022:</b>			
Forward currency selling contracts less than 1 year	USD	6,564	288
Forward currency buying contracts more than 1 year	SGD	2,374	24
<b>Net fair value loss</b>			<b>312</b>
<b>As at 31 Dec 2021:</b>			
Forward currency buying contracts less than 1 year	USD	1,432	(423)
<b>Net fair value loss</b>			<b>(423)</b>

## 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	
	31 / 12 / 2022	31 / 12 / 2021	31 / 12 / 2022	31 / 12 / 2021
Profit/(Loss) from continuing operation attributable to equity holders of the Company (RM'000)	168	13,992	(18,331)	15,335
Profit/(Loss) from discontinued operation (RM'000)	-	263	-	569
	<u>168</u>	<u>14,255</u>	<u>(18,331)</u>	<u>15,904</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	0.13	10.37	(13.59)	11.37
Profit/(loss) from discontinued operations	-	0.19	-	0.42
Diluted earnings per share (sen) :				
Profit/(loss) from continuing operations	0.09	7.67	(10.05)	8.41
Profit/(loss) from discontinued operations	-	0.14	-	0.31

**By Order of the Board**  
**ENRA Group Berhad**