ENRA®

ENRA Group Berhad (236800-T)

# MOVING FORWARD ON A STRONG FOUNDATION

ANNUAL REPORT 2018

# **COVER** RATIONALE

The runner on an uphill slope captures our commitment, persistence and perseverance to accelerate growth and succeed in a challenging environment.

# **VISION**

Through shared values, innovation and technology, ENRA will enable its people to create sustainable enterprise value in a manner that is responsible to its stakeholders, community and environment.

# **SHARED** VALUES

| | |
|---|---|
| **E**thical | To make decisions that promote goodness and avoid harm |
| **N**oble | To behave in a manner that is respectful to others |
| **R**eliable | To keep and deliver promises that have been made |
| **A**ccountable | To take ownership of all outcomes and never passing blame |

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## ANNUAL GENERAL MEETING

The Twenty-Sixth (26th) Annual General Meeting of ENRA Group Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 September 2018 at 10:00 a.m.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Ali bin Abdul Kadir**
*Independent Non-Executive Chairman*

**Tan Sri Dato' Kamaluddin bin Abdullah**
*Executive Deputy Chairman*

**Dato' Mazlin bin Md Junid**
*President & Group Chief Executive Officer*

**Kok Kong Chin**
*Executive Director*

**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**
*Senior Independent Non-Executive Director*

**Datuk Anuar bin Ahmad**
*Independent Non-Executive Director*

**Dato' Wee Yiaw Hin**
*Independent Non-Executive Director*

**Loh Chen Yook**
*Non-Independent Non-Executive Director*

## AUDIT AND RISK MANAGEMENT COMMITTEE

*Chairman*
**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**

*Member*
**Datuk Ali bin Abdul Kadir**
**Datuk Anuar bin Ahmad**
**Dato' Wee Yiaw Hin**

## BOARD NOMINATION AND REMUNERATION COMMITTEE

*Chairman*
**Datuk Anuar bin Ahmad**

*Member*
**Tan Sri Dato' Seri Shamsul Azhar bin Abbas**
**Dato' Wee Yiaw Hin**

## COMPANY SECRETARY

**Cheong Lisa**
*MAICSA 7009457*

## SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-77843922
Fax : 03-77841988

## REGISTERED OFFICE

D2-U3-10, Block D2
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel : 03-2300 3555
Fax : 03-2300 3550
Email : info@enra.my
Website : www.enra.my

## AUDITORS

BDO (AF:0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

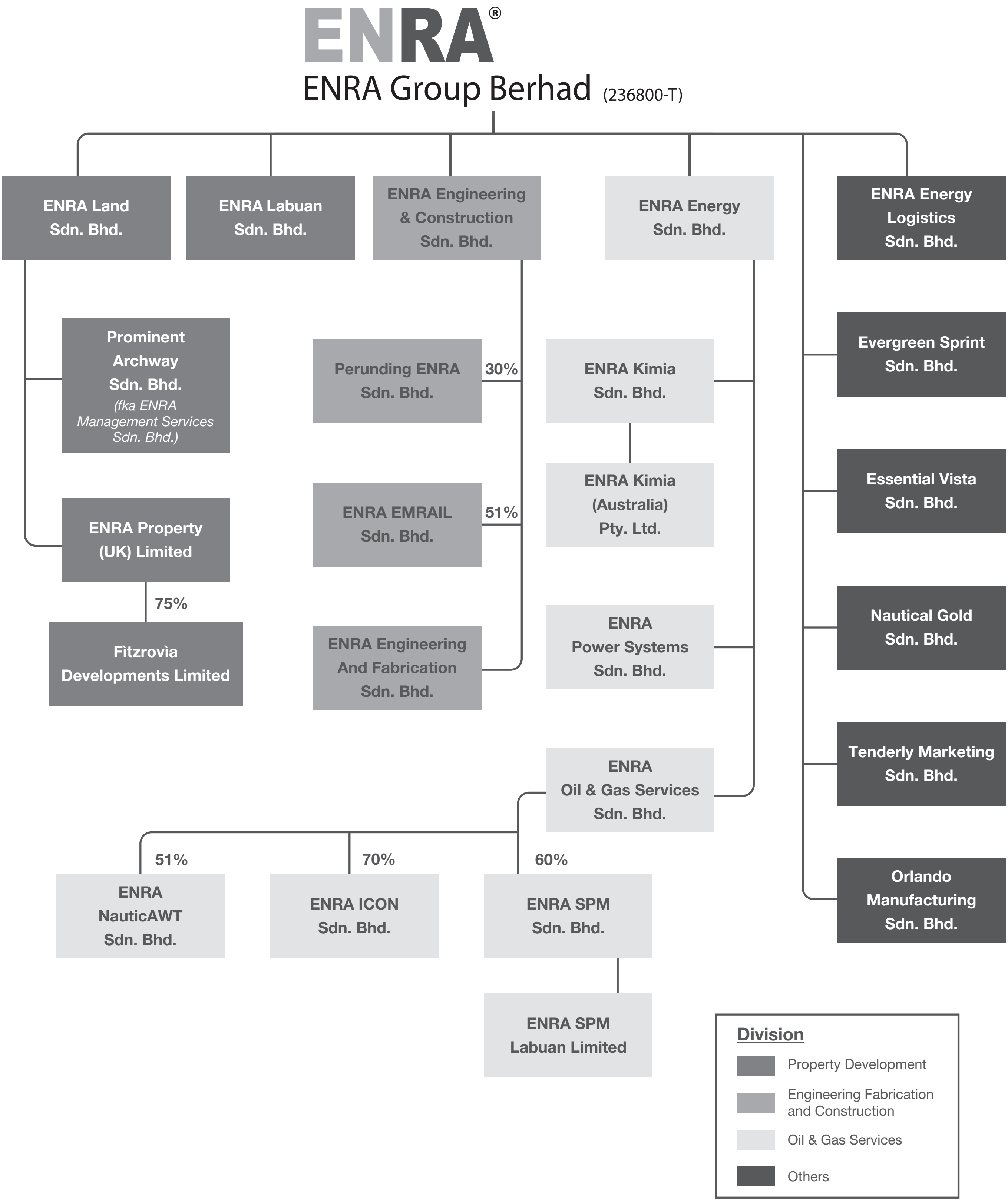
## PRINCIPAL BANKERS/LENDERS

CIMB Bank Berhad
Malayan Banking Berhad
AmBank (M) Berhad

## STOCK EXCHANGE LISTING

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

# **CORPORATE** STRUCTURE
as at 27 June 2018

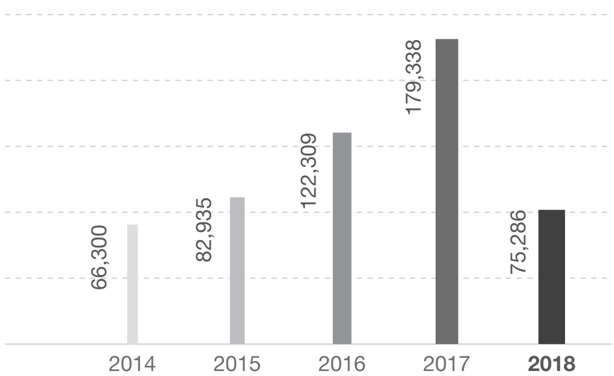



*Note: Unless stated otherwise, all entities are 100% owned by ENRA Group Berhad*

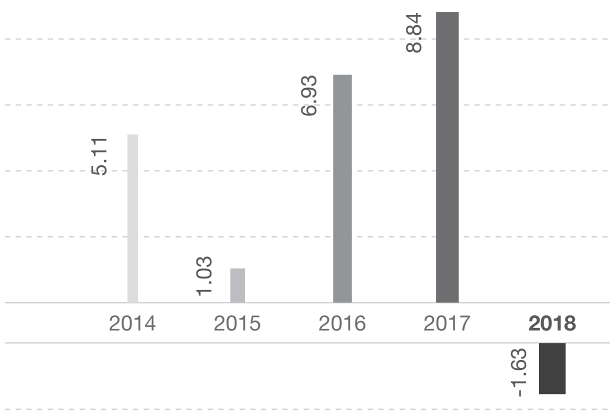
# **FIVE-YEAR** FINANCIAL HIGHLIGHTS

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Revenue (RM'000) | 66,300 | 82,935 | 122,309 | 179,338 | 75,286 |
| Gross profit (RM'000) | 31,267 | 16,033 | 35,714 | 54,973 | 21,367 |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (RM'000) | 20,139 | 9,955 | 22,599 | 29,848 | 1,138 |
| Profit After Tax and Minority Interest (PATAMI) (RM'000) | 6,899 | 8,665 | 9,361 | 11,930 | -2,198 |
| Earnings per share (EPS) (sen) | 5.11 | 1.03 | 6.93 | 8.84 | -1.63 |
| Shareholders' equity (RM'000) | 214,797 | 223,462 | 235,203 | 152,745 | 152,011 |
| Net assets per share (RM) | 1.59 | 1.66 | 1.74 | 1.13 | 1.13 |

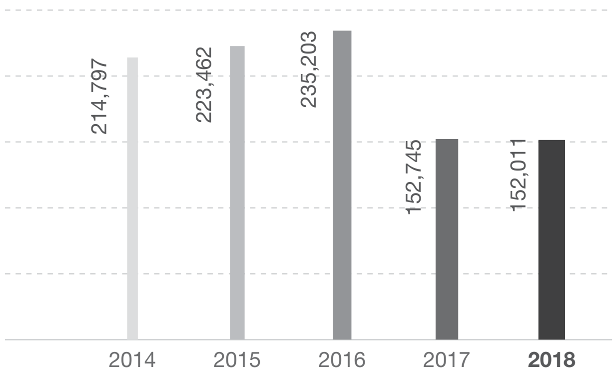
**REVENUE**
(RM'000)



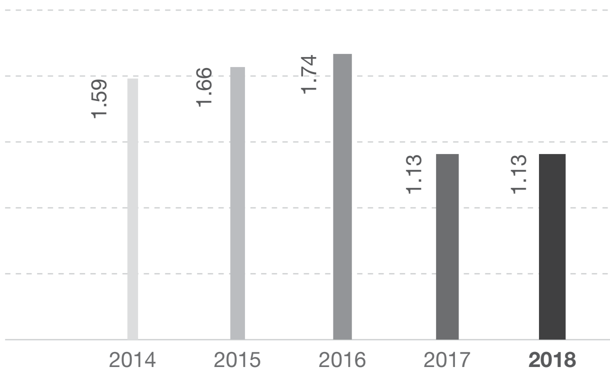

**EARNINGS PER SHARE**
(SEN)




**SHAREHOLDERS' EQUITY**
(RM'000)




**NET ASSETS PER SHARE**
(RM)



# CHAIRMAN'S MESSAGE

***Dear Shareholders,***

*On behalf of the Board of Directors of ENRA Group Berhad ("ENRA" or "the Company") (the "Board"), I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended ("FYE") 31 March 2018, as attached.*

I joined the Board in June 2015, just when oil & gas prices had fallen substantially and the property market had slowed down - respectively the causes and symptoms of a bearish economy. We were cognisant of the potential impact such an environment would have on businesses and therefore applied a conservative approach in running the Group.

We came across many investment opportunities (organic and acquisitive) in property development, oil & gas, and others during these three years but decided not to pursue many of them. The prudent and cautious practice of the Management due to the less than optimal business environment meant that a large pool of those opportunities did not pass our feasibility and risk tests.

Today, I am proud to say that we have successfully weathered those three years and have come out with a strong balance sheet and stable businesses. As a reflection of our discipline and drive we have, amongst others:

- Set up a full-fledged but lean Management team;
- Built a sizeable downstream specialty chemicals business in the form of ENRA Kimia Sdn. Bhd.– generated RM43.3 million in revenue for FYE 31 March 2018;
- Offered and provided our maiden floating storage and offloading solution for one of Petroliam Nasional Berhad's gas fields in Myanmar – an approximate USD48 million contract over the next four years;
- Sold 96.5% of all units in Shamelin Star despite the soft property market; and
- Neared completion of the divestment of our investment properties which we believe has limited growth potential in their current form – which will raise RM85.15 million in proceeds.

Most of all, I am proud that our businesses were built on quantitative and qualitative fundamentals. All our revenue has been generated from the open market or tenders, which I believe also demonstrates our competitive drive.

On behalf of the Board, I would like to thank the current Management and the staff for their commitment and continued dedication towards the Group throughout the year. We are also thankful for the continued support and positive alliance from our various stakeholders and, last but not least, the continuing support of our shareholders.

We begin the next financial year with a healthy balance sheet and a strong cash position that we anticipate will increase substantially over time. The Group's Board and Management has the experience, knowledge, talent and tenacity to take another leap of growth, and I look forward to what may come.

Thank you.

**Datuk Ali bin Abdul Kadir**
*Chairman*
*27 June 2018*

# **BOARD OF** DIRECTORS' PROFILE
as at 27 June 2018

## DATUK ALI BIN ABDUL KADIR

*Independent*
*Non-Executive Chairman*

*Malaysian, Male, Age 69*

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

He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA"). He is also currently Senior Advisor to ICAEW–KL Chapter, Honorary Fellow of the Institute of Chartered Secretaries & Administrators (UK) and the Malaysian Institute of Directors.

He is currently the Chairman of JcbNext Berhad, Privasia Technology Berhad and Alucro (L) Foundation. He is a Board member of Glomac Berhad, Ekuiti Nasional Berhad, Citibank Berhad, and Labuan Financial Services Authority.

He served as Chairman of the Securities Commission of Malaysia ("SC") from 1 March 1999 until 29 February 2004. During his tenure, he also sat on the Main Committee of International Organisation of SC and was elected as Chairman of Asia Pacific Regional Committee and Islamic Capital Market Working Group. Prior to his appointment to the SC, he was the Executive Chairman and Partner of Ernst & Young and its related firms.

He was former President of the MICPA, chairing its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed as an Adjunct Professor in the Accounting and Business Faculty, University of Malaya and was then appointed to the Advisory Board of the Faculty, todate.

In 2012, he was bestowed the Lifetime Achievement Award by ICAEW – KL Chapter, and the President's Award by MICPA. He was also bestowed the Perwira Jasa Negara by the Yang di- Pertuan Agong in 2001.

He does not have any family relationship with any director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

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

He attended all 5 Board meetings held during the financial year under review.

# BOARD OF DIRECTORS' PROFILE
as at 27 June 2018
cont'd

## TAN SRI DATO' KAMALUDDIN BIN ABDULLAH

*Executive Deputy Chairman*

*Malaysian, Male, Age 51*

**Tan Sri Dato' Kamaluddin** was appointed to the Board on 20 April 2015 as a Non-Independent Non-Executive Director. He was redesignated as Executive Deputy Chairman of the Company on 1 June 2015. He is also the Chairman of the Executive Committee. He graduated with a Bachelor of Arts (Hons) in Law from the University of Cambridge, United Kingdom. He is also a Barrister-at-law of the Middle Temple.

He started his career with the Sime Darby Group, a major multi-national company, based in Malaysia. During his 5 years term with Sime Darby Group, he served in the tyre manufacturing and plantations divisions covering the areas of marketing, corporate affairs, human resources, administration and legal affairs.

After his stint in Sime Darby, he joined Dewina Berhad a diversified food group listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia") and served as its Group Executive Director. He was also a major shareholder of Dewina Berhad.

Tan Sri Dato' Kamaluddin is also a substantial shareholder of Scomi Group Berhad, a company listed on Bursa Malaysia, which is involved in the areas of oil field services, marine logistics and transportation engineering.

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

He attended all 5 Board meetings held during the financial year under review.

# **BOARD OF** DIRECTORS' PROFILE
as at 27 June 2018
cont'd

## DATO' MAZLIN BIN MD JUNID

*President &*
*Group Chief Executive Officer*

*Malaysian, Male, Age 56*

**Dato' Mazlin** was appointed to the Board on 20 April 2015 as a Non-Independent and Non-Executive Director. He was redesignated as President & Group Chief Executive Officer on 1 June 2015. He is a member of the Executive Committee.

He holds a Bachelor of Science Degree in Mechanical Engineering from the University of Brighton (formerly known as Brighton Polytechnic), Sussex, England and a Masters in Business Administration from Cranfield University, England.

He started his career 1984 with Hicom Yamaha Manufacturing (M) Sdn. Bhd. as Assistant Manager of Operations to head the Planning, Operations and Production Control.

In 1987, he joined PA Consulting Group based in the United Kingdom as Senior Consultant & Regional Manager for the manufacturing sector. During his 4 years stint with PA Consulting Group, he was seconded to work in 13 different organisations in the area of performance improvement and profit turnaround.

In 1992, he left PA Consulting Group and joined the Sime Darby Group as Managing Director of 5 companies. He ascended to the group level of the Sime Darby group in 1995 as Group Manager.

From 1995-1997, he was a business partner of ASPAC Executive Search Sdn. Bhd. ("ASPAC"), a recruitment agency in Malaysia with operations in the United Kingdom, Australia and other Asian countries through affiliate offices.

After he divested his equity stake in ASPAC, he acquired a majority interest in SECA Dyme Sdn. Bhd. ("SECA"), a petrochemical supply company.

In 2007, he was appointed as the Executive Vice Chairman, President & Group Chief Executive Officer of Daya Materials Berhad ("DMB") after DMB acquired SECA. He resigned from the Board of DMB in August 2014. He was also formerly an Independent Non-Executive Director of Sapura Industrial Berhad, Sapura Technology Berhad and Metronic Global Berhad, an Independent Non-Executive Director and Chairman of the Audit Committee of MTD Infraperdana Berhad and an Executive Director-Corporate Affairs & Development in Reach Energy Berhad.

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

He attended all 5 Board meetings held during the financial year under review.

# **BOARD OF** DIRECTORS' PROFILE

as at 27 June 2018
cont'd

## KOK KONG CHIN

*Executive Director*

*Malaysian, Male, Age 53*

**Mr. Kok** was appointed to the Board on 26 February 2016 as a Non-Independent Non-Executive Director. He was redesignated as an Executive Director of the Company on 1 August 2016. He is a member of the Executive Committee.

He graduated from the National University of Malaysia with a BBA (Hons) degree and holds an MBA from Schulich School of Business, York University, Canada. He had also completed the Advanced Leadership Programme by Judge Business School, University of Cambridge.

He has over 25 years of banking experience particularly in the areas of corporate and investment banking, private equity, finance and treasury. He also has extensive general management experience including managing a public listed company and cross border business divisions.

He was Group Managing Director of Tropicana Corporation Berhad from March 2014 to February 2016. During his tenure, he was a member of the Group Executive Committee and a board member of several major subsidiaries of the Tropicana Group.

He was an independent director of Ping Petroleum Ltd, an independent upstream company focused on shallow water offshore production and development in South East Asia and the North Sea from June 2012 to June 2015.

Prior to joining Tropicana, he was with CIMB Group for over 10 years where he held several senior positions including Head of Regional Banking and Co-Head of Investment Banking.

He does not have any family relationship with any director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

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

He attended all 5 Board meetings held during the financial year under review.

# **BOARD OF** DIRECTORS' PROFILE

as at 27 June 2018
cont'd

## TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS

*Senior Independent Non-Executive Director*

*Malaysian, Male, Age 66*

**Tan Sri Dato' Seri Shamsul Azhar** was appointed to the Board on 15 June 2015. He is the Senior Independent Non-Executive Director of the Company. He is also the Chairman of the Audit and Risk Management Committee and a member of the Board Nomination and Remuneration Committee.

He holds a Master's of Science in Energy Management from the University of Pennsylvania, United States of America, a Degree in Political Science from Universiti Sains Malaysia as well as a Technical Diploma in Petroleum Economics from Institute Francaise du Petrole in France.

He joined Petroliam Nasional Berhad ("PETRONAS") in 1975 and served in various capacities during his 40 years tenure with the organisation culminating in him becoming the Acting Chairman, President and Chief Executive Officer of PETRONAS and was the Chairman of PETRONAS Carigali Sdn. Bhd. from 10 February 2010 to 31 March 2015.

During the tenure of his leadership he guided PETRONAS in undertaking strategic landmark projects (both for PETRONAS and Malaysia), such as the Pengerang Integrated Refinery and Petrochemical Project (RAPID), the Bintulu Train 9 project, the construction of 2 PETRONAS Floating Liquified Natural Gas ("LNG") facilities and Malaysia's first Regasification terminal in Malacca. He also strengthened PETRONAS' position through the acquisition of Progress Energy Canada Ltd and the development of shale gas to LNG via the Pacific North West LNG project. Under him, PETRONAS ranked 69th in The Fortune Global 500 rankings (the highest ever achieved) and became the world's 6th most profitable oil and gas company. During his 40 years with PETRONAS, he also led numerous milestone corporate developments, including the acquisition of Engen Limited, South Africa's leading refining and marketing company and the development of the Kerteh and Gebeng Integrated Petrochemical Complexes, Melaka Refinery Complex and the KLCC and Putrajaya township development projects.

He was the President/Chief Executive Officer of MISC Berhad from 1 July 2004 until 31 December 2008 and was its Chairman from February 2010 to 1 August 2011. He was also Chairman of several subsidiaries of MISC Berhad and director of several PETRONAS subsidiaries and associate companies.

He was Pro-Chancellor of Universiti Teknologi PETRONAS, a member of the Board of Trustees of the Razak School of Government ("RSOG"), Malaysia and the Chairman of the National Trust Fund of Malaysia.

For his services to the nation, he was conferred the "Panglima Setia Mahkota" award by the Yang DiPertuan Agong of Malaysia. He was also conferred the "Dato Paduka Seri Laila Jasa Yang Amat Berjasa Darjah Kedua" by His Majesty The Sultan of Brunei and the Honor du Merit by the Republic of France.

He is currently the Chairman of MMC Corporation Berhad and a director of NCB Holdings Bhd. He also sits on the board of several private limited companies.

He does not have any family relationship with any director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

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

He attended all 5 Board meetings held during the financial year under review.

# **BOARD OF** DIRECTORS' PROFILE
as at 27 June 2018
cont'd

## DATUK ANUAR BIN AHMAD

*Independent Non-Executive Director*

*Malaysian, Male, Age 64*

**Datuk Anuar** was appointed to the Board on 1 June 2015. He is the Chairman of the Board Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. He graduated in 1977 with a Bachelor of Economics (Honours) from the London School of Economics and Political Science from University of London.

He started his career in 1977 with Petroliam Nasional Berhad ("PETRONAS"). During his 36 years of service with the PETRONAS Group, he held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management until his retirement in April 2014 where his last position held was the Executive Vice President of Gas and Power Business.

During his stint with PETRONAS Group, he was appointed as the Managing Director and Chief Executive Officer in PETRONAS Dagangan from 1998 to 2002. He was also a member of PETRONAS Management Committee and member of PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within PETRONAS Group. In 1997, between his years of service with the PETRONAS Group, he underwent a 3-month business management course under the Advanced Management Program at Harvard Business School.

Presently, he is an Independent Non-Executive Director of PETRONAS Dagangan and Senior Independent Non-Executive Director of E.A. Technique (M) Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad. He also holds directorships in a few private companies.

He does not have any family relationship with any director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

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

He attended all 5 Board meetings held during the financial year under review.

# **BOARD OF** DIRECTORS' PROFILE

as at 27 June 2018

cont'd

## DATO' WEE YIAW HIN

*Independent Non-Executive Director*

*Malaysian, Male, Age 60*

**Dato' Wee** was appointed to the Board on 24 August 2016. He is also a member of the Audit and Risk Management Committee and Board Nomination and Remuneration Committee. He graduated as a Civil Engineer and holds a Masters of Science Degree from Imperial College, United Kingdom.

He has more than 30 years of experience in the Oil & Gas Industry across the Exploration & Production ("E&P") and Gas & Liquefied Natural Gas ("LNG") value chain. His experience spans the Technical/Operational functions and Senior Management, Corporate and Board Positions.

He had a successful career with top executive stints at oil majors in Malaysia and globally. He spent 21 years in Shell in Malaysia and Overseas where he took up a number of senior positions in countries including United Kingdom and South Africa. His last job with Shell was Vice President, Malaysia for Upstream International Asia and Managing Director of Shell Malaysia E&P Companies.

After a short period as Vice President for Talisman Energy, Malaysia where he spent some time in Canada, he joined Petroliam Nasional Berhad ("PETRONAS") as Executive Vice President and Chief Executive Officer of Upstream Business in May 2010. He led the E&P, Gas & LNG businesses and operations in Malaysia and globally and also the Petroleum Management authority for Malaysia oil & gas resources. He was Executive Director and Executive Committee member of the board of the PETRONAS Group. He chaired several of PETRONAS companies including Malaysia LNG Companies, Progress Energy Canada Ltd as well as Pacific Northwest LNG Canada. He retired from PETRONAS in April 2016.

Presently, he also sits on the board of Cagamas Berhad and Anton Oilfield Services Group, which is listed on the Hong Kong Stock Exchange. He is also the Chairman of the Remuneration Committee, a member of each of the Audit Committee and the Nomination Committee of Anton Oilfield Services Group.

He does not have any family relationship with any director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

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

He attended all 5 Board meetings held during the financial year under review.

# **BOARD OF** DIRECTORS' PROFILE
as at 27 June 2018
cont'd

## LOH CHEN YOOK

*Non-Independent*
*Non-Executive Director*

*Malaysian, Male, Age 64*

**Mr. Loh** was appointed to the Board on 1 June 2015. He was the Managing Director of the Company from year 2007 to year 2014. On 31 March 2014, he was redesignated from Managing Director to Non-Independent Non-Executive Director cum Group Adviser and later resigned on 20 April 2015. He was later re-appointed as Non-Independent Non-Executive Director on 1 June 2015.

He has over 30 years of experience in the property development, infrastructure, building construction as well as timber logging business. Currently, he is also the Chairman of Karyon Industries Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company, or any conflict of interests in any business arrangement involving the Company.

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

He attended all 5 Board meetings held during the financial year under review.

# KEY SENIOR MANAGEMENT PROFILE

## EXECUTIVE COMMITTEE

1) Tan Sri Dato' Kamaluddin bin Abdullah, Executive Deputy Chairman
2) Dato' Mazlin bin Md Junid, President & Group Chief Executive Officer
3) Kok Kong Chin, Executive Director

The profiles of Tan Sri Dato' Kamaluddin bin Abdullah, Dato' Mazlin bin Md Junid and Kok Kong Chin are set out on pages 8 to 10 of this Annual Report.

## SHARON KOO SIEW LING

*Senior Vice President,*
*Group Legal*

**Date Appointed** : 15 December 2014
**Nationality** : Malaysian
**Age/Gender** : 49/Female

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

**Working Experiences**
- Advocate & Solicitor of the High Court of Malaya, Messrs. Lee Choon Wan & Co. (1995 - 2003)
- Head of Legal, Daya Materials Berhad (2014)

**Directorship in listed/public companies**
- None

## DANIEL LAU LEE HOONG

*Senior Vice President,*
*Group Corporate Finance*

**Date Appointed** : 1 March 2015
**Nationality** : Malaysian
**Age/Gender** : 35/Male

**Qualifications**
- Masters in Accounting & Business, Aston Business School
- Bachelor of Science with Honours in Computer Science, University of Warwick, UK

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

**Directorship in listed/public companies**
- None

## AMI AKHRAM BIN ABDULLAH

*Senior Vice President,*
*Group Finance & Shared Services/ CFO*

**Date Appointed** : 6 February 2017
**Nationality** : Malaysian
**Age/Gender** : 40/Male

**Qualifications**
- Bachelor of Arts with Honours (1st Class) in Accounting & Finance and Business Administration – University of Kent, UK
- Member of ACCA & MIA

**Working Experiences**
- Ernst & Young – Snr. Manager (2002 - 2010)
- Audit Oversight Board, Securities Commission – Snr. Manager (2010 - 2011)
- Tradewinds (M) Berhad – Asst. GM (2011 – 2014)
- Central Sugars Refinery Sdn. Bhd. – Head of Finance (2014 - 2016)
- Asiaspace Sdn. Bhd. - CFO (2017)

**Directorship in listed/public companies**
- None

# KEY SENIOR MANAGEMENT PROFILE
cont'd

## KAMALUKHAIR BIN ABDULLAH
*Senior Vice President,*
*Group Oil & Gas Services*

**Date Appointed** : 16 June 2015
**Nationality** : Malaysian
**Age/Gender** : 52/Male

**Qualifications**
- Bachelor of Science with Honours in Mechanical Engineering, Tulsa University Oklahoma USA

**Working Experiences**
- Bredero Price – pipe coating company (1989)
- Petronas LNG-2 (1990 - 1994)
- OCI Energy Sdn. Bhd. as co-owner and Managing Director (1995 - 2009)
- Daya OCI Sdn. Bhd. as Managing Director (2010 - 2014)

**Directorship in listed/public companies**
- None

## RAYBURN AZHAR BIN ALI
*Senior Vice President,*
*Downstream Oil & Gas Business*

**Date Appointed** : 1 January 2016
**Nationality** : Malaysian
**Age/Gender** : 48/Male

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

**Working Experiences**
- Tri-Synergy (M) Sdn. Bhd. – General Director (1999 – 2002)
- Darul Karisma Group – GM Business Development (1999 - 2005)
- DK Kurita Sdn. Bhd. – CEO (2004 - 2007)
- Daya Secadyme Sdn. Bhd. - CEO (2008 - 2015)

**Directorship in listed/public companies**
- None

## FAIZUL BIN ZAINOL
*Senior Vice President,*
*Group Business Development Oil & Gas*

**Date Appointed** : 1 May 2015
**Nationality** : Malaysian
**Age/Gender** : 39/Male

**Qualifications**
- Bachelor of Engineering with Honours in Mechanical Engineering, Oxford Brookes University, UK
- Chartered Engineer (CEng.) & Chartered Marine Engineer (CMarEng.) - Institute of Marine Engineering, Science and Technology (IMarEST), United Kingdom - Membership No: 8012640
- Member of Board of Engineers Malaysia (BEM) – Membership No: GE48897A

**Working Experiences**
- American computer data storage company (2002)
- Sapura Kencana Petroleum Berhad (2003 - 2013)
- Daya Materials Berhad (2014)

**Directorship in listed/public companies**
- None

## MELVINDER SINGH HARMINDER SINGH
*Vice President,*
*Group Internal Audit*

**Date Appointed** : 23 October 2015
**Nationality** : Malaysian
**Age/Gender** : 50/Male

**Qualifications**
- Masters of Science in IT Management
- Chartered Member of IIA Malaysia, member of CPA Australia, De Montfort University
- Bachelor of Business in Accounting, Central Queensland University

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

**Directorship in listed/public companies**
- None

# **KEY SENIOR MANAGEMENT** PROFILE
cont'd

## LING LI WYNN
*Vice President,*
*Group Property Development*

**Date Appointed** : 20 September 2016
**Nationality** : Malaysian
**Age/Gender** : 32/Male

**Qualifications**
- Bachelor of Commerce, University of Sydney

**Working Experiences**
- UEM Sunrise Berhad (2010 – 2016)

**Directorship in listed/public companies**
- None

## SITI AISHA BINTI MOHD SAINI
*Vice President,*
*Group Human Capital & Administration*

**Date Appointed** : 1 January 2015
**Nationality** : Malaysian
**Age/Gender** : 44/Female

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

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

**Directorship in listed/public companies**
- None

## AZMI BIN MOHAMAD
*Vice President,*
*Special Project*

**Date Appointed** : 1 February 2015
**Nationality** : Malaysian
**Age/Gender** : 55/Male

**Qualifications**
- Masters of Accounting, Univ. Miami, Florida
- BSc Accounting, Urbana Univ, Ohio
- Diploma in Accountancy, ITM

**Working Experiences**
- Lecturer, School of Accountancy UUM (1987 – 1994)
- Lecturer/Principal Ocean Institute of Audio Technology (1994 -1995)
- Socio-Economic Consultant, Indirect Offset Manager, British Aerospace plc (1996 – 2005)
- Link Aero Technologies Sdn. Bhd. (2001 – 2011)
- Manager, Daya Materials Berhad (2011 -2014)

**Directorship in listed/public companies**
- None

## CHEONG LISA
*Company Secretary*

**Date Appointed** : 15 November 2016
**Nationality** : Malaysian
**Age/Gender** : 49/Female

**Qualifications**
- Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators

**Working Experiences**
- More than 15 years of experience in company secretarial practice, having worked in consultancy firm and multinational conglomerates

**Directorship in listed/public companies**
- None

The above Key Senior Managers have no family relationship with any Director and/or major shareholders of the Company, have no conflict of interest with the Company, have not been convicted of any offences within the past 5 years and have not been imposed with any penalty by the relevant regulatory bodies during the financial year ended 31 March 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

### *INTRODUCTION*

*ENRA Group Berhad is pleased to conclude the FYE 31 March 2018 with a stronger balance sheet and a successful diversification into the energy sector via its Oil & Gas ("O&G") businesses.*

For the year under review, the Group:

**i. Raised RM85.15 million from the divestment of ENRA's low yielding investment properties ("Divestment Exercise")**

ENRA had announced the disposal of its investment properties, Holiday Plaza in Johor Bahru, Johor and Shamelin Business Centre in Cheras, Kuala Lumpur on 15 May 2017. These investment properties have limited growth and ENRA intends to deploy the realised proceeds to pare down debt and into higher yielding businesses and investments. The Divestment Exercise is expected to be completed in the second quarter of FYE 31 March 2019.

**ii. Reached 96.5% sales for its Shamelin Star development**

The Shamelin Star project was completed in FYE 31 March 2017 andas of 30 June 2018, ENRA only has 15 units remaining for sale.

**iii. Developed the O&G division into a major contributor to the Group's earnings**

For our downstream specialty chemical business, ENRA Kimia Sdn. Bhd. ("ENRA Kimia") has grown to become a major contributor to the Group. We envisage that ENRA Kimia's business has further potential to grow once the PETRONAS RAPID project becomes operational.

Our 60%-owned subsidiary, ENRA SPM Sdn. Bhd. ("ENRA SPM"), also clinched an approximate USD48 million contract in July 2017 to install and lease a storage tanker and single point mooring system ("SPM") to PC Myanmar (Hong Kong) Limited ("PCML") for one of their gas fields in Myanmar. We successfully executed the installation of the storage tanker and SPM in April 2018 and expect the project to begin contributing revenue.

**iv. Pursued the acquisition of a specialty chemicals trading company in Australia**

On 15 May 2018, ENRA announced the conditional acquisition of International Chemicals Engineering Pty. Ltd. ("ICE"), a specialty chemicals trading firm in Australia that would expand ENRA Kimia's geographical reach. Efforts to acquire ICE began in the financial year under review, and is expected to complete in July 2018. As such, ICE's financial performance will be reflected in the next financial year.

As a result of the various exercises above, the Group starts FYE 31 March 2019 on a positive footing. The Divestment Exercise and strong property sales places ENRA on a firm financial position to support funding requirements for any new projects and/or investments that can contribute to earnings in the future, whilst the new projects that have already been implemented would contribute to financial performance and cashflow in FYE 31 March 2019 and onwards.

## FYE 2018 OVERALL FINANCIAL PERFORMANCE

The Group's financial performance experienced a decline largely due to the completion of Shamelin Star. Sales from the project had slowed down and only 15 units remain for sale by ENRA. Further, the property market has been challenging and slow throughout the year. The Group's maiden UK project – Portland Chambers is expected to be completed in the second quarter of FYE 31 March 2019. The O&G division continues to grow and now contributes substantially to the Group.

The Group's total operational expenditure increased slightly from RM26.6 million in FYE 31 March 2017 to RM27.9 million in FYE 31 March 2018 as the Group embarked on group-wide cost management initiatives to control expenditure and made minimal additions to its workforce.

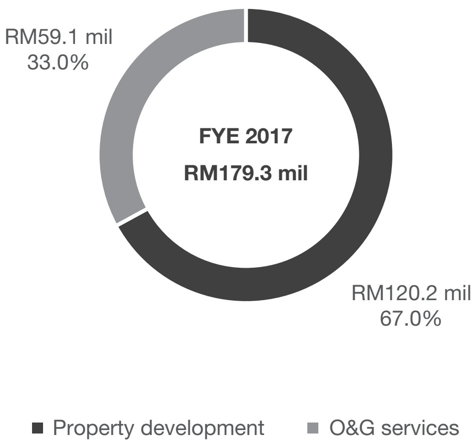
Overall, the Group made a PATAMI of RM1.0 million for FYE 31 March 2018. As set out above, Management exerted efforts to capture and develop business opportunities and projects in FYE 31 March 2018 that will contribute to earnings in the next financial year (FYE 31 March 2019). A strong balance sheet also places the Group in a position to pursue further projects and investment opportunities more aggressively.

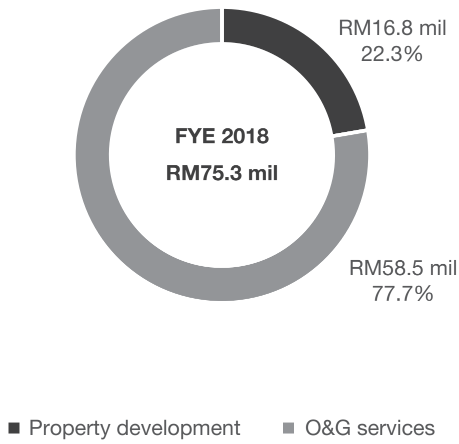
| | FYE 2017 | | FYE 2018 | | |
|---|---|---|---|---|---|
| **ASPECT AND INDICATORS** | **CONTINUING OPERATIONS ONLY** | **CONSOLIDATED** *(continuing & discontinued)* | **CONTINUING OPERATIONS ONLY** | **CONSOLIDATED** *(continuing & discontinued)* | **REMARKS** |
| **PROFITABILITY** Return on Equity ("**ROE**") (PATAMI / Equity) | 7.8% | (47.2%) | (1.4%) | 0.7% | Reduced profitability in FYE 31 March 2018 mainly attributed to the completion of Shamelin Star, and lower income from a smaller number of available units for sale. |
| **OPERATIONAL EFFICIENCY** Return on Assets ("**ROA**") (PATAMI / Total Assets) | 3.7% | (22.3%) | (0.8%) | 0.4% | Negative operational efficiency due to lower contribution from the Property Division. |

**Revenue from continuing operations**

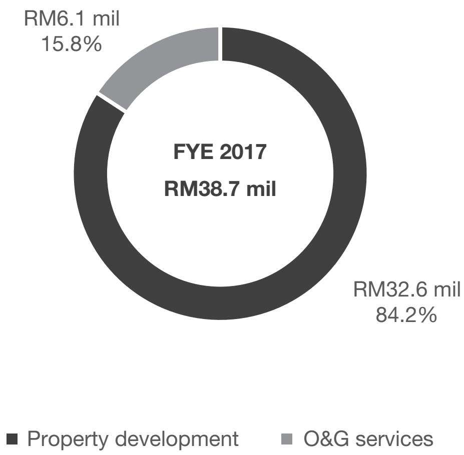
# **MANAGEMENT DISCUSSION** AND ANALYSIS
cont'd

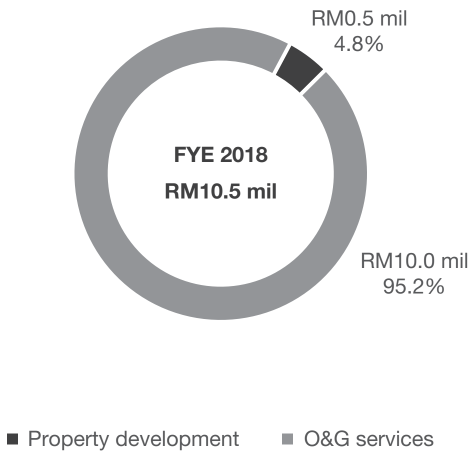
**Comparison of FYE 31 March 2017 and FYE 31 March 2018 Revenue from Property Development and O&G Services**



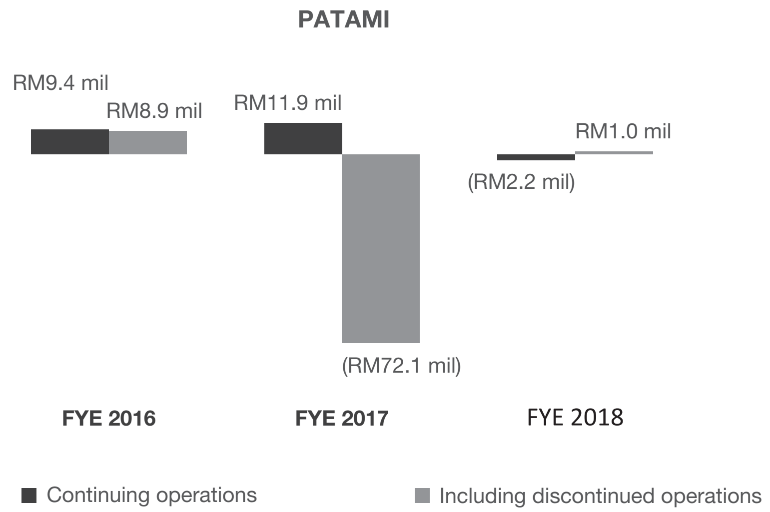




**Comparison of FYE 31 March 2017 and FYE 31 March 2018 Operating Profit from Property Development and O&G Services**



# **MANAGEMENT DISCUSSION** AND ANALYSIS
cont'd




**FYE 31 MARCH 2018 GROUP FINANCIAL POSITION OVERVIEW**

From a balance sheet and solvency perspective, ENRA remains strong and healthy. The Group's cash balance decreased from RM64.1 million in FYE 31 March 2017 to RM46.2 million in FYE 31 March 2018 primarily due to continuing repayment of various loans but is expected to increase further due to the completion of the Divestment Exercise. After the completion of the Divestment Exercise, ENRA's main physical asset would be Portland Chambers where the Group is developing four apartments that are targeting to fetch a GDV of approximately GBP10 million.

The net assets of ENRA have reduced slightly from RM152.8 million in FYE 31 March 2017 to RM152.0 million.

The Group's gearing as at 31 March 2018 is a manageable 0.5 times, a slight increase from 0.4 times from the previous financial year due to an increase in borrowings as a result of more active utilisation of trading lines and the progress in the Portland Chamber's project. The Group's gearing will reduce to 0.3 times after 31 March 2018 as a result of the proceeds from the Divestment Exercise being partially used to pare down various debts.

## BUSINESS PERFORMANCE REVIEW

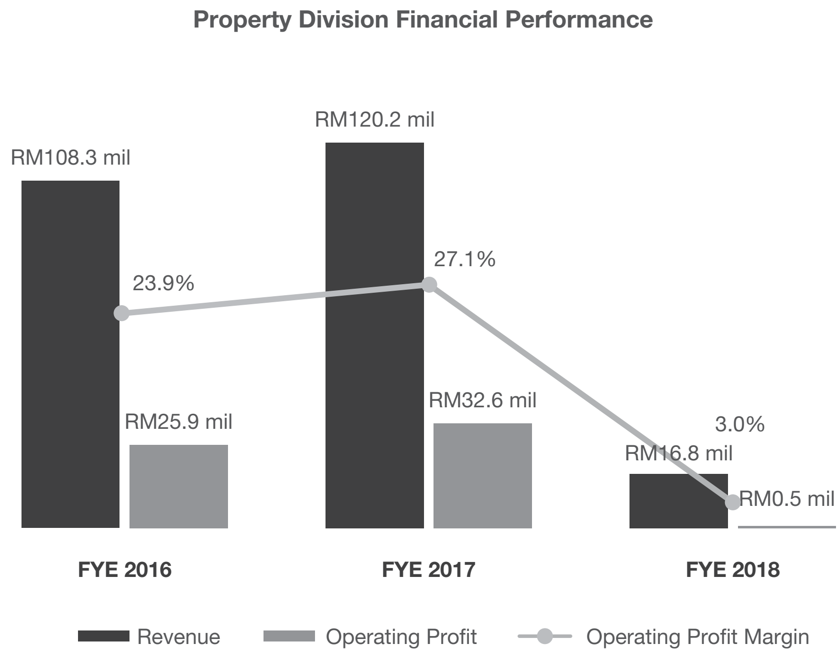
### PROPERTY DIVISION

The Property Division's FYE 31 March 2018 revenue (RM16.8 million) and operating profit (RM0.5 million) were solely attributable to the continuing sales of Shamelin Star units. Contribution from the Property Division in FYE 31 March 2018 was lower than prior years as Shamelin Star's progressive revenue and construction progress used to be the largest contributor to the Group's revenue and earnings. As at 30 June 2018, there remains only 15 unsold units by ENRA. Having achieved more than 96.5% sales for this project, the Board and Management are proud that the Group's maiden property development is successful despite the soft property market over the past few years. The Management is exploring options to increase the marketability of the remaining units.

In FYE 31 March 2018, the Property Division of the Group focused mainly on the continuing development of the Portland Chambers project in Central London - our maiden UK project. It is nearing completion with work primarily focused on finishing and fittings. There were some delays in construction due to the very stringent approval process as a result of the Grade II listed categorisation of the building. As this is our first UK project, we aim to start our UK foray with a successful track record. We expect this project to complete in the second quarter of FYE 31 March 2019 and as such, the revenue and profit will only be recognised in the said financial year.

Pending the completion of our Portland Chambers development, there are no other projects currently being undertaken as the Board and Management have taken a careful and diligent approach for the Property Division given the soft property market. Further details of our future plans are discussed further in the "Prospects and Future Strategic Initiatives" section below.

# MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

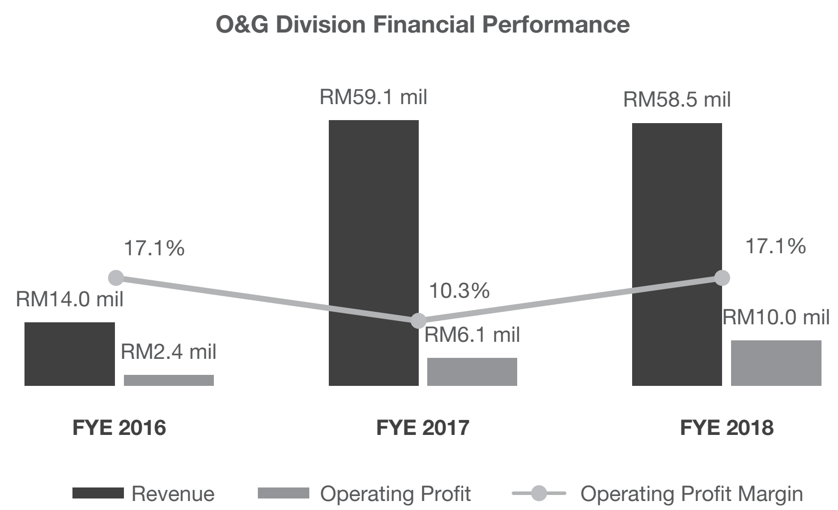



In March 2017, ENRA, through its wholly owned subsidiary, ENRA Labuan Sdn. Bhd. signed a sale and purchase agreement to acquire an approximate 60-acre leasehold land in Negeri Wilayah Persekutuan Labuan ("Labuan") for a sum of RM7.6 million. The land (to be reclaimed), is strategically located in Labuan's Rancha-Rancha industrial area. ENRA believes the investment presents various interesting and strategic development opportunities. Feasibility studies into each option is still under review. This transaction is envisaged to complete in the second quarter of FYE 31 March 2019.

In May 2017, we undertook an exercise to divest our low yielding investment properties in Johor Bahru and Kuala Lumpur. This Divestment Exercise is expected to be completed in the second quarter of FYE 31 March 2019, raising RM85.15 million for the Group. These proceeds raised would be partially utilised to reduce the Group's gearing from 0.5 times as of FYE 31 March 2018 to 0.3 times and increase ENRA's cash position for redeployment into new projects, businesses and investments.

**ENERGY DIVISION**

The O&G Division comprises of a variety of businesses and ventures of which the largest contributor to revenue and profit contributor is ENRA Kimia.



ENRA Kimia commenced operations in September 2015. Its primary business is the supply of O&G specialty chemicals, catalysts and other related services to several downstream O&G operators in Malaysia. ENRA Kimia has since grown to be an integral part of the Group and its achievement so far has been exceptional. We are currently evaluating opportunities to upgrade and expand ENRA Kimia's facilities to support its growing business and ensure security of business. The Group is expected to complete the acquisition of ICE, a specialty chemicals trading company based in Victoria, Australia in July 2018. ICE operates in the same industry that ENRA Kimia does and is therefore a natural expansion to ENRA Kimia's existing business. We expect ICE to contribute positively to earnings for FYE 31 March 2019 and onwards.

Our 60%-owned subsidiary, ENRA SPM, had clinched an approximate USD48 million contract from PETRONAS' subsidiary, PCML for the provision of condensate storing, offloading facilities and services in Myanmar. We had won the contract via an open tender process, which was for the lease of a storage tanker to PCML for a primary period of four years. In April 2018, we successfully installed the storage tanker and SPM. We expect the project to contribute positively to our earnings throughout the leasing period.

Further details of our future plans are discussed further in the "Prospects and Future Strategic Initiatives" section below.

## PROSPECTS AND FUTURE STRATEGIC INITIATIVES

We look forward to FYE 31 March 2019 with much anticipation and optimism. As we are starting FYE 31 March 2019 with a strong balance sheet and sizeable cash balance, we believe that we can begin supporting growth throughout all our various businesses whilst exploring opportunities in other areas.

### PROPERTY DIVISION

In Malaysia, we have been and continue to assess property development opportunities following the successful completion of Shamelin Star in December 2016. We believe landed properties such as linked houses costing no more than RM700,000 and apartments costing around RM350,000 to RM550,000 are still in good demand. Premised on the foregoing, Management is actively evaluating potential projects including pursuing joint ventures with land owners, and/or acquire lands or projects with immediate development opportunity.

The pending completion of Portland Chambers is expected to generate revenue of up to GBP10 million. Throughout the development of Portland Chambers, we had a constant stream of projects to consider. However, the Board and Management opted to focus on completing Portland Chambers first before pursuing the next UK project. Once Portland Chambers is completed and most units have been sold, we may start looking at new opportunities in the UK property space.

### ENERGY DIVISION

O&G remains a key sector globally and O&G prices have recovered from the relatively low prices in previous years. Brent crude and WTI Crude currently trade between USD70 to USD80 per barrel compared to approximately USD50 per barrel a year ago. However, ENRA is cognisant that its customers may still opt to be cost-effective and cashflow disciplined even though market conditions have improved. As such, ENRA will continue developing service solutions that can meet its clients' requirements.

The Group's downstream services business that is currently anchored by ENRA Kimia, is anticipating opportunities to bid for the supply of specialty chemicals to RAPID once it comes online later this calendar year. As such, we expect our downstream services business to continue showing positive growth.

The upstream O&G services business began generating revenue in April 2018 when ENRA SPM's storage tanker and SPM solution was installed. As such, the financial contribution from this project will be consolidated in the financial statements for FYE 31 March 2019. Now that the Group has a track record in the upstream services sector, our team plans to bid for a wider variety of similar opportunities within the region.

# **MANAGEMENT DISCUSSION** AND ANALYSIS
cont'd

Both ENRA Kimia and ENRA SPM are examples of ENRA's ability to set up new divisions and successfully pursue new projects and contracts. A result of the Group's continuing efforts to replicate its earlier successes is the setting up of a new subsidiary, ENRA Power Systems Sdn. Bhd. ("EPS") to carry out the business of marketing, selling and distribution of power generation-related equipment and machinery as well as provision of after-sales services including maintenance, repair and overhauling. EPS had signed a distributorship agreement with a prominent international industrial service company for one of its newest products. We aspire to develop this new business to expand beyond distributorship into after-sales services which includes maintenance, repair and overhauling. As such, we hope that this venture will serve to create value and provide recurring income for the Group.

## GENERAL AND OTHER AREAS

The Board and Management are also actively evaluating businesses and projects in other industries that will create value for the shareholders.

Our other partnerships, such as the ENRA Emrail Sdn. Bhd., a joint venture between ENRA and Emrail Sdn. Bhd., is still active, with discussions and tenders being undertaken. We are hoping to achieve significant progress in the upcoming year. Further, with the impending proceeds from the Divestment Exercise, we will be able to redeploy it towards higher yielding businesses and investments.

## DIVIDEND POLICY

While the main objective is to invest in ENRA's growth, the Board will consider rewarding shareholders with dividends arising from the earnings from our main operations whilst taking into consideration the needs of our growth and acquisition requirements.

# **CORPORATE GOVERNANCE** OVERVIEW STATEMENT

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

This CG Overview Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG"). This Statement is supplemented with the Corporate Governance Report ("CG Report") which provides the details on how the Company has applied each Practice as prescribed in the MCCG during the financial year ended 31 March 2018. The CG Report is available on the Company's website at www.enra.my.

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

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

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

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives and day-to-day management of the business of the Group to the Executive Committee comprising the Executive Deputy Chairman, the President & Group Chief Executive Officer and the Executive Director. There is a formalised Limits of Authority which defines the applicable limits specifically reserved for the Board's approval and those delegated to the Executive Committee, the President & Group Chief Executive Officer, the Executive Directors and Management. The Executive Directors remain accountable to the Board for the authority that is delegated to them for the performance of the Group.

While the Board is responsible for creating framework and policies within which the Group should be operating, the Management is accountable for the execution of the expressed policies and attainment of the Company's corporate objectives. This demarcation complements and reinforces the supervisory role of the Board.

The roles of the Chairman and the President & Group Chief Executive Officer are distinct and separate to engender accountability to facilitate clear division of responsibilities. The Chairman is responsible for ensuring Board effectiveness and standards of conduct while the President & Group Chief Executive Officer is responsible for the overall management of the Group, including smooth running of the businesses and implementation of strategies and policies.

In carrying out its function, the Board has delegated specific responsibilities to Board Committees, namely, the Audit and Risk Management Committee ("ARMC") and the Board Nomination and Remuneration Committee ("BNRC"). In order to ensure that the direction and control of the Group remains with the Board, the Board has defined the terms of reference for each Committee and receives reports from the Board Committees of their proceedings and deliberations together with their recommendations and relevant decisions. The Chairman of the respective Board Committees will report to the Board on the outcome of these meetings. These Board Committees were formed in order to enhance business and operational efficiency and efficacy but the Board remains fully responsible for the direction and control of the Company and the Group. The ultimate responsibility for the final decision on all matters, lies with the Board. The terms of reference for the ARMC and the BNRC can be found on the Company's website (www.enra.my).

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *(Cont'd)*

**I. Board Responsibilities** *(Cont'd)*

The Board has adopted a Board Charter, which sets out its roles, functions, composition, operation and process giving consideration to the principles of good corporate governance and requirements of the MMLR of Bursa Securities. The Board has also adopted a Directors' Code of Ethics, which outlines the conduct required of the Board members individually in order for them to discharge their duties in a professional, honest and ethical manner. The Company has a Code of Business Conduct which is applicable to employees within the Group and it governs the desired standards of behavior and ethical conduct expected from each individual to whom the Code applies. The Board has also put in place a Whistleblowing Policy, which sets out the principle and grievance procedures for employees, subsidiaries and members of the general public to raise genuine concerns of possible improprieties perpetrated within the Group. The details of the Board Charter, Directors' Code of Ethics, Code of Business Conduct and Whistleblowing Policy can be found on the Company's website (www.enra.my).

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

**II. Board Composition**

The strength of the Board lies in the composition of its members who have a wide range of expertise, extensive experience and diverse backgrounds. As at the date of this Statement, the Board consists of eight members comprising an Independent Non-Executive Chairman, a Senior Independent Non-Executive Director, two other Independent Non-Executive Directors, one Non-Independent Non-Executive Director and three Executive Directors (including the President & Group Chief Executive Officer). The Board composition meets the requirement of Practice 4.1 of the MCCG where at least half of the Board comprises Independent Directors.

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

Accordingly, and taking into account of the experience, qualifications, capabilities and knowledge of the Company's Independent Non-Executive Directors, the Board is satisfied that the current Board composition fairly reflects the interests of the Company's minority shareholders and is adequate to ensure that the highest standards of corporate governance, ethical conduct and integrity are maintained by the Company for the benefit of all stakeholders.

In this regard, the Board through the BNRC, will review the size and composition of the Board and its Board Committees annually, to determine if the Board and the Board Committees have the right size and sufficient diversity that fits the Company's objectives and strategic goals. During the financial year, the BNRC had conducted a specific review of the composition of the Board Committees in January 2018 to ensure these Board Committees would continue to assist the Board efficiently and effectively in light of the Practices prescribed in the MCCG. In line with the Board's commitment towards application of high standards of corporate governance principles, changes recommended by the BNRC were approved and implemented.

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS** *(Cont'd)*

**III. Remuneration**

The BNRC is responsible for recommending to the Board the appropriate remuneration of the Directors to ensure that the Group attracts and retains Directors of the necessary calibre, experience, knowledge and quality needed to manage the Group successfully. The BNRC considers the principles recommended by the MCCG in determining the Executive Directors' remuneration, whereby, the Executive Directors' remuneration is designed to link rewards to the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The determination of the remuneration of the Non-Executive Directors is a matter for the Board to consider and individual Directors do not participate in decisions regarding their own remuneration package. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

During the financial year under review, the Board had considered and approved the revision to the remuneration policy for the Non-Executive Directors. The revision was made after taking into consideration the increasing responsibilities and activities of the BNRC as well as the contributions and time commitment of the members of the BNRC in the discharge of their duties. BNRC members did not receive any fee previously because the workload of the BNRC then was comparatively minimal. A summary of the activities carried out by the BNRC is provided in the CG Report.

The revision is consistent with the principles that remuneration should be at a sufficient level to attract, compensate and retain high calibre Directors to successfully lead the Company. The revised remuneration policy for Non-Executive Directors of the Company is set out below:

| | Description | Before Revision | After Revision |
|---|---|---|---|
| Annual Fee | Board Chairman | RM80,000 | RM80,000 |
| | Senior Independent Non-Executive Director | RM70,000 | RM70,000 |
| | Non-Executive Board Member | RM60,000 | RM60,000 |
| | | **Board Committee** | |
| | ARMC Chairman | RM10,000 | RM10,000 |
| | ARMC Member | RM8,000 | RM6,000 |
| | BNRC Chairman | - | RM6,000 |
| | BNRC Member | - | RM4,000 |
| Meeting attendance allowance | All Non-Executive Directors | RM2,000 per day* | RM2,000 per day* |

** regardless of the number of meetings attended per day*

Details of the remuneration of the Directors of the Company for the financial year ended 31 March 2018 are provided in the CG Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

**PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT**

**I. Audit and Risk Management Committee**

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

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the ARMC, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The ARMC has met with the external auditors without the presence of the Executive Directors and Management twice during the financial year ended 31 March 2018.

The ARMC is satisfied in its review that the provision of non-audit services by Messrs. BDO to the Group for the financial year ended 31 March 2018 did not in any way impair their objectivity and independence as external auditors of the Company.

On an annual basis, the ARMC reviews and monitors the suitability and independence of the external auditors. The ARMC is satisfied with the competence and independence of Messrs BDO and had recommended their re-appointment as auditors for shareholders' approval at the 26th Annual General Meeting.

**II. Risk Management and Internal Control Framework**

The Board is ultimately responsible for the establishment of a sound framework to manage risks. The President & Group Chief Executive Officer oversees these risk management processes and activities and reports to the Board. The Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control.

`The Board acknowledges its responsibility for the Group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.

The Statement on Risk Management and Internal Control as set out on pages 37 to 42 in this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

The Company has in its employment, an Internal Auditor who reports directly to the Chairman of the ARMC. The Internal Audit function reviews the controls and processes of the organisation in accordance with the approved audit plan which adopts a risk-based approach towards planning and audit execution. The scope of work covered by the internal audit function during the financial year is set out on pages 36 and 40 of this Annual Report.

## PRINCIPLE C-INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication with Stakeholders

The Board recognises the importance of effective and timely communication with shareholders and investors to ensure they make informed decisions. The Board supports effective and timely corporate disclosure to achieve the following objectives:

- to raise awareness and provide guidance to the Board, management, officers and employees on the Company's disclosure requirements and practices;
- to provide guidelines and policies to disseminate corporate information;
- to ensure compliance with all applicable legal and regulatory requirements on disclosure of material information; and
- to build good investor relations with the investing public that inspires trust and confidence.

All information made available to Bursa Securities is made immediately available or as soon as reasonable practicable to shareholders and the market at the Investor section of the Company's website at www.enra.my.

### II. Conduct of General Meetings

The Annual General Meeting ("AGM") of the Company serves as the primary platform for two-way dialogue with shareholders. At the 25th AGM of the Company held on 13 September 2017, all Directors of the Company were present at the meeting to engage with shareholders. During the financial year under review, the Company had also convened two Extraordinary General Meetings which were held on 9 February 2018. The Company supports the principle of encouraging shareholders participation and ample time were allowed during the general meetings for questions to be raised to the Board. Members of the Senior Management, the external auditors and relevant advisors were also present at the meetings to respond to questions from the shareholders and proxies.

Further, in line with Practice 12.1 of the MCCG, the notice convening the 25$^{th}$ AGM was issued at least 28 days before the AGM date.

## KEY FOCUS AREAS AND FUTURE PROSPECTS

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

This CG Overview Statement was approved by the Board of Directors of ENRA on 27 June 2018.

# SUSTAINABILITY STATEMENT

***OUR APPROACH TO SUSTAINABILITY***

*Our Vision Statement:*

*"Through our shared values, innovations and technology, ENRA will enable its people to create sustainable enterprise value in a manner that is responsible to its stakeholders, community and environment."*

**AN INTEGRAL ASPECT**

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

We strongly believe that to sustain growth, we must contribute to the betterment of our people, the community around us and the society as a whole.

**OUR METHODOLOGY**

This Sustainability Statement ("Statement") outlines in general how we have implemented and embedded our sustainability practices in our operations in Malaysia and the United Kingdom within the oil and gas industry and property development industry. This Statement covers our reporting period of 1 April 2017 to 31 March 2018 for our group of companies ("Group").

We had engaged with our employees and substantial shareholders through surveys and meetings and will continue to do so for an active engagement to identify and address matters that are imperative to our business operating ecosystem. Our stakeholders are and will be provided with a platform to freely and openly voice their views, opinions and concerns on sustainability issues.

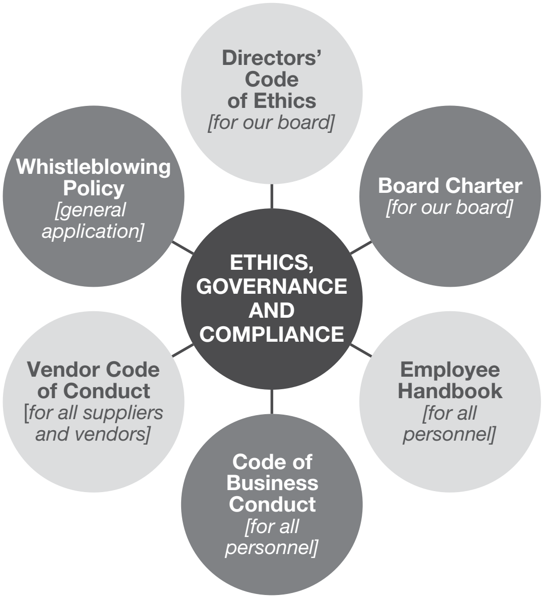
Through engagement with our stakeholders, an analysis of the nature of our current and planned business, and analysis of indicators in Bursa Malaysia Securities Berhad's ("Bursa") Sustainability Reporting Guide and the Global Reporting Initiative Sustainability Reporting Standards, we have identified and addressed Economic, Environmental and Social sustainability matters and have implemented and embedded our sustainability practices throughout the Group.

The foundation for our methodology is found in the Main Market Listing Requirements on Sustainability Reporting by Bursa and with reference to Bursa's Sustainability Reporting Guide and Toolkits. As this is our first step in establishing a sustainability framework, we are working towards integrating a structured process to identify, assess, monitor and report on the Group's sustainability performance. This maiden attempt at sustainability reporting is focused on the following material sustainability matters and will be the basis for a more comprehensive disclosure in our next statement.

Our material sustainability matters are ethics, governance and compliance, business development and expansion, employee health, safety and wellbeing, human capital development and enhancing resource efficiency.

**Ethics, governance and compliance**

Issues of ethics, governance and compliance regularly arise in business transactions and we are firmly committed to conduct our businesses with the highest level of integrity and in full compliance with applicable laws, rules and regulations. The following guidance was implemented to ensure we meet this objective:




Our Code of Business Conduct sets out standards of conduct to govern our behaviour towards our employees, suppliers and customers and sets out the method of reporting unethical conduct.

Various internal policies and procedures have been implemented to eradicate or minimise exposure to risks faced in our businesses. Certification of some of our operating subsidiaries under the ISO 9001 standard also demonstrates their abilities to provide products and services that comply and conform with their customers' and regulatory requirements.

In addition, the Group and our people are guided by our corporate shared values of **E**thical, **N**oble, **R**eliable and **A**ccountable in conducting and establishing a reputation of a responsible business partner with good corporate governance.

**Business development and expansion**

In addition to ensuring the growth and expansion of our existing principal activities in property development and in the oil and gas services sector, we continue to explore businesses in other industries or sectors to hedge against the usual challenges in our current businesses such as the cyclical nature of the property and oil and gas industries, sustaining the Group whilst building a track record, capital expenditure requirements, and managing current resources.

The general criteria for such diversification includes the ability for new businesses to be self-sustaining in the long run with relatively good growth potential. Business development, expansion and diversification are considered both through mergers and acquisitions and organic growth.

Our business development efforts have yielded 5 successfully completed transactions in our FYE 31 March 2018.

**Employee health, safety and well-being**

The health, safety and well-being of our people being our valued capital, are of paramount importance to us. We are firmly committed to ensuring compliance with all relevant laws, rules and regulations and seek continuous improvement in occupational safety and health of our employees and those who may be affected by our business activities.

To meet this objective, we have a dedicated Quality, Health, Safety and Environment ("QHSE") Department to monitor and manage all health and safety issues of the Group including compliance with applicable laws, rules and standards. The QHSE Department has devised a series of policies and procedures to guide employees on how to identity safety issues, what to do in the event such safety issue arise and how to report a safety issue. Non-compliance of such policies is considered a major misconduct.

# **SUSTAINABILITY** STATEMENT
cont'd

Our QHSE Department assisted our subsidiaries, ENRA Oil & Gas Services Sdn. Bhd. and ENRA Engineering And Fabrication Sdn. Bhd. to set up and implement a Health, Safety and Environment Management System, in accordance with the Occupational Health and Safety Assessment Series (OHSAS 18001:2007) and PETRONAS Health, Safety and Environment Management System Guidelines. They also work closely with another subsidiary, ENRA Kimia Sdn. Bhd., to carry out periodic chemical health risk assessments in accordance with the requirements of the Department of Occupational Safety and Health Malaysia.

Our QHSE Department also organises training on QHSE matters to all our employees. Training provided to the Group included a hands-on first aid training where employees were taught how to administer cardiopulmonary resuscitation, use an automated external defibrillator and react to simulated real-life emergencies.

Our QHSE Department carries out quarterly inspections on safety equipment at all our offices and other premises where our businesses are undertaken to ensure such equipment are in good working condition and are easily accessible. Sufficient safety equipment is maintained to ensure compliance with the requirements of the Department of Occupational Safety and Health Malaysia. Regular records of data are made and kept on office conditions such as temperature, air flow and relative humidity to ensure employees are working in a healthy and safe work environment.

From 2015, we are proud to report that there have been zero fatalities, loss time injuries, first aid cases and property damage. For the FYE 31 March 2018, we recorded and reported a total of 1 million safe man hours.

Employee health and wellbeing leads to better productivity and performance of employees and ultimately less disruption to our daily business operations. We had in FYE 31 March 2017 and FYE 31 March 2018 subsidised a series of after-work sporting activities including gym membership and boot camps for our employees.

We have also sponsored and encouraged our employees to participate in the Rakan IJN Artery Run 2018 held on 4 February 2018 at the Kepong Botanical Gardens.

Flexible working hours is also offered to our employees and is demonstrative of our encouragement of a balanced work life. This gives much needed flexibility for our working mothers to juggle their career and family commitments.


The Group recognises the importance of having a healthy and happy workforce and encourages employees to have a balanced work life.

**Human Capital development**

In today's competitive world, we believe that it is imperative for us to contribute to the betterment of our people in order to ensure a sustainable growth. We recognise that a successful enterprise relies on the contribution and performance of its employees in meeting both the short-term and long-term objectives of the Group.

Our Group acknowledges that investing in resources to enhance employee skills, knowledge and understanding are important in order to stay abreast with a rapidly changing environment and to retain talent.

An annual review of our employees' performance and a development and training needs analysis led by our Group Human Capital Department are carried out to gauge performance, identify potential talents and successors of our Group's key management personnel, address improvement areas and methods and to map out career paths of our employees. This review also facilitates our identification of suitable technical, functional and/or personal development programmes/ courses/training to attend to the development needs of our people.

In addition to training by external consultants, employees are provided with opportunities to learn from the experience and expertise of their peers through in-house training. In-house training is cost effective and efficient while promoting knowledge sharing within our Group.

For FYE 31 March 2018, our Group IT, Group Legal and Group Finance Departments organised a series of training for employees. Feedback on the effectiveness of the training sessions is encouraged and employees are at liberty to request for trainings on areas or topics that they believe to be relevant.

**Enhancing Resource Efficiency**

Calls for environmental preservation have become increasingly vociferous in current times, in particular, the management of waste. Appropriate measures to tackle waste management are needed to ensure a sustainable future.

We are committed to complying with all laws, rules and regulations, including those of the Malaysian Department of Environment ("DOE").

Environmental Waste Management:

- ENRA Oil & Gas Services Sdn. Bhd. and ENRA Engineering And Fabrication Sdn. Bhd. have each implemented a Health Safety and Environment Management System as per the Environment Management System (ISO 14000:2004) and PETRONAS' Health, Safety and Environment Management System Guidelines.

Scheduled Waste:

- ENRA Kimia Sdn. Bhd. has implemented appropriate internal policies and procedures in compliance with DOE requirements on the management and disposal of scheduled waste.

- Scheduled waste is disposed of periodically by regulator-approved companies for proper disposal.

Reduce, Reuse & Recycle:

- Initiatives have been implemented in all our offices for proper waste separation and disposal.

- ENRA Engineering And Fabrication Sdn. Bhd., collected and recycled a total of 1 metric ton of scrap steel from a construction project it was involved in.

- ENRA Kimia Sdn. Bhd. returns used printer toner cartridges to its vendor for reuse/recycling.

# **AUDIT AND RISK MANAGEMENT** COMMITTEE REPORT

The Board of ENRA Group Berhad ("ENRA" or "Company") is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 March 2018.

**COMPOSITION AND MEETING**

As at the date of this report, the Audit and Risk Management Committee ("ARMC") has four members, all of whom are Independent Non-Executive Directors.

On 31 January 2018, Mr Teo Chee Kok had resigned as a member of the ARMC. In line with Practice 8.1 of the Malaysian Code on Corporate Governance, Datuk Ali bin Abdul Kadir, who is the Chairman of the Board, had relinquished his role as Chairman of the ARMC and Tan Sri Dato' Seri Shamsul Azhar bin Abbas, who is the Senior Independent Non-Executive Director, was appointed Chairman of the ARMC in place thereof with effect from 31 January 2018. Datuk Ali bin Abdul Kadir remains as a member of the ARMC. Datuk Ali is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and a member of the Malaysian Institute of Accountants ("MIA").

The composition of the ARMC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARMC held five meetings during the financial year ended 31 March 2018. The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification (at least seven days prior to the meeting). The President & Group Chief Executive Officer, the Executive Directors, the Group Chief Financial Officer and the Head of Internal Audit were also invited to attend and brief the members on specific issues. The external auditors, Messrs. BDO, attended some of these meetings upon the invitation of the ARMC.

Attendance of the members of the ARMC at meetings held during the financial year under review is as follows:

| Name | Designation | Meetings Attended |
|---|---|---|
| Tan Sri Dato' Seri Shamsul Azhar bin Abbas | • Chairman<br>• Senior Independent Non-Executive Director | 5 out of 5 |
| Datuk Ali bin Abdul Kadir | • Member<br>• Independent Non-Executive Chairman | 5 out of 5 |
| Datuk Anuar bin Ahmad | • Member<br>• Independent Non-Executive Director | 5 out of 5 |
| Dato' Wee Yiaw Hin | • Member<br>• Independent Non-Executive Director | 5 out of 5 |
| Teo Chee Kok<br>*(resigned on 31January 2018)* | • Member<br>• Independent Non-Executive Director | 4 out of 4 |

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

# **AUDIT AND RISK MANAGEMENT** COMMITTEE REPORT
cont'd

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

**Financial Reporting**

a) Reviewed the quarterly financial results of the Company and the Group and the accompanying announcements and press releases before recommending for Board's approval.

b) Reviewed the audited financial statements of ENRA prior to submission to the Board for approval. The review was to ensure that the audited financial statements were drawn up in accordance with the applicable approved accounting standards and the provisions of the Companies Act 2016.

**External Audit**

a) Reviewed the external auditors' scope of work and audit plans for the financial year to ensure sufficient coverage in terms of scope. Prior to the audit, representatives from the external auditors presented their audit strategy and plan. The ARMC also met with the external auditors twice in June 2017 and February 2018 without the presence of the Executive Directors and Management to discuss any matters the external auditors may wish to present.

b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including Management's responses to the audit findings.

c) Considered the audit fees payable to the external auditors against the size and complexity of the Group before recommending for Board's approval.

d) Reviewed the independence, objectivity and suitability of the external auditors and services provided, including non-audit services. Details on the non-audit fees incurred for services rendered by the external auditors and its affiliates for the financial year ended 31 March 2018 are disclosed in the Additional Compliance Statement on page 43 of this Annual Report.

e) Recommended to the Board for the re-appointment of the external auditors to be proposed for shareholders' approval at the Annual General Meeting.

**Internal Audit**

a) Approved the Internal Audit Plan for financial year ending 31 March 2019.

b) Reviewed the adequacy of the Internal Audit Department's resource requirements, programmes and conducted the annual assessment of the Internal Audit Department's competency, performance and staff composition. The ARMC had also met with the Head of Internal Audit twice in June 2017 and in February 2018 without the presence of the Executive Directors and Management to ensure there were no restrictions on the scope of Internal Audit's works and to discuss any matters the Head of Internal Audit may wish to present.

c) Reviewed and deliberated the internal audit reports that highlighted audit issues, recommendations and Management's responses. Discussed with Management the actions taken to improve the systems of internal control based on suggestions identified in the internal audit reports.

**Risk Management**

a) Recommended to the Board, improvements in internal control procedures and risk management. The Chairman of Executive Risk Management Committee ("ERMC") updated the ARMC quarterly on the risk profiles and risk management of the Group.

b) Reviewed the effectiveness of the risk management system and the risk assessment reports from the ERMC. Significant risk issues were summarised and communicated to the Board for consolidation and resolution.

c) Considered the risks to the Group's Information Technology ("IT") infrastructure and received updates on the Company's IT penetration test which confirmed that the Group's IT system and servers are well protected.

# **AUDIT AND RISK MANAGEMENT** COMMITTEE REPORT
cont'd

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

**Compliance and Others**

a) Reviewed and recommended for Board's approval the revisions to the Whistleblowing Policy. The revisions made were mainly to clarify the reporting channels and guidance for employees of the Group and members of the public, where relevant, to disclose any wrongdoing or improper conduct as well as to streamline procedures and provisions with the other policies and codes of conduct of the Group.

b) Reviewed the related party transaction and recurrent related party transactions of revenue or trading nature entered into by the Group.

c) Reviewed the half-yearly report on the status of compliance of the Group's Code of Business Conduct to ensure any non-compliance is properly investigated.

d) Received quarterly reports on whistleblowing issues to ensure actions were taken on any cases reported. No whistleblowing case was reported during the financial year under review.

e) Reviewed the Corporate Governance Statement, ARMC Report and Statement on Risk Management and Internal Control before recommending the same to the Board for approval and publication in the 2017 Annual Report.

**INTERNAL AUDIT FUNCTION**

At present, there is an in-house Internal Audit function. The Internal Audit function operates within the framework of the International Professional Practices Framework by the Institute of Internal auditors as stated in its Internal Audit Charter, which is approved by the ARMC. The Internal Audit function provides the ARMC with independent opinions of processes, risk exposure and systems of internal control using the Committee of Sponsoring Organization of the Treadway Commission Internal Control – Integrated Framework as a guide.

The Internal Audit function assess the Group's Internal Control system according to the following five interrelated control elements:

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

The Internal Audit team which is headed by Mr. Melvinder Singh, Vice President Group Internal Audit who is a Chartered Member of the Institute of Internal Auditors Malaysia with more than 20 years of experience in internal auditing with the assistance of a team, independently reviews the key business processes and reports to the ARMC on a quarterly basis. The ARMC reviews and evaluates the key audit issues raised by the Internal Audit function and ensures that appropriate and prompt remedial action is taken by Management.

During the financial year, the Internal Audit team prepared and presented an annual audit review schedule to the ARMC within the limit set by the ARMC for the financial year. This annual schedule outlines the governance, risk and controls of the key business processes of the Group's head office departments, property development subsidiaries as well as oil & gas services activities.

The ARMC reviewed and approved the schedule providing the Internal Audit team with the mandate in assessing the adequacy and effectiveness of the Group's internal control system.

In line with the approved annual review schedule, the Internal Audit team completed five audit reviews, two follow-up audits and two process reviews. The area of coverage is aligned with the Group's Risk Management assessment covering Finance, Human Recourse, Operations, Procurement, Inventory, General IT, Sales, Marketing and Project Management.

The costs incurred for the Internal Audit function in respect of the financial year ended 31 March 2018 amounted to RM363,782 (FYE 2017: RM266,338).

This ARMC report is made in accordance with the resolution of the Board of Directors of ENRA duly passed on 27 June 2018.

# **STATEMENT ON RISK MANAGEMENT** AND INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board of Directors of a public listed company to include in its annual report a statement about the state of risk management and internal control of the listed issuer as a group. The Bursa Securities' Statement on Risk Management & Internal Control (Guidelines for Directors of Listed Issuers) provides guidance for compliance with these requirements. The Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia requires the Board to establish a sound risk management framework and internal control system. ENRA Group Berhad's ("ENRA") Board of Directors ("Board") is pleased to provide the following statement that is prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" endorsed by Bursa Securities which outlines the nature and scope of the Risk Management and Internal Control of ENRA during the financial year under review.

## BOARD RESPONSIBILITY

The Board acknowledges the importance of sound internal controls and risk management practices to safeguard various stakeholders' interest and to address all key risks, which the Board considers relevant and material to ENRA and its subsidiaries ("Group") operations. The Board affirms its overall responsibility for the Group's system of internal control and risk management process, which includes the establishment of an appropriate control environment and framework. The Board is also responsible for reviewing the effectiveness, adequacy and integrity of those systems. These systems are designed to manage rather than to eliminate any risk that may impact the Group arising from non-achievement of the Group's policies, goals and objectives. Such system provides reasonable but not absolute, assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the operating and financial controls affecting the achievement of its business objectives throughout the financial reporting period. The Group Internal Audit Department plays a role in this respect. The process is quarterly reviewed by the Audit and Risk Management Committee ("ARMC").

The Board maintains ultimate responsibility over the Group's system of internal control and risk management process that it has delegated to the Executive Committee for implementation. The Internal Audit function is to provide reasonable assurance that the designed controls are in place and are operating as intended.

## RISK MANAGEMENT FRAMEWORK

The Board reviewed the risk management processes in place within the Group with the assistance of the Executive Risk Management Committee ("ERMC") and the Internal Audit Department.

The ERMC meets on a quarterly basis to deliberate on risks identified, controls and risk mitigation strategies arising from the risk assessment process conducted.

The key elements of the Group's risk management framework are as follows:

- The ERMC, which is chaired by the President & Group Chief Executive Officer and comprises the Executive Committee as members and the Head of Internal Auditor as the risk coordinator. The ERMC is entrusted with the terms of reference and the responsibility to identify and communicate to the Board the key risks the Group faces, their changes, and management's actions and plans to manage the risks.

- The Risk Management policy guide and manual, which outlines the corporate policy and framework on risk management for the Group and offers practical guidance on risk management issues. Pursuant to the said policy, the Risk Management Units ("RMUs") at the subsidiary/operational level were set up to report quarterly to the ERMC.

- The Enterprise Risk Management ("ERM") framework which is defined as methods and processes used by an organization to manage risks and seize opportunities related to the achievement of their objectives, the key feature of which is a risk governance structure comprising three lines of defense with established and clear functional responsibilities and accountabilities of the management of risk. The process owners and heads of various business units and supporting functions are the first level of defense and are accountable for all risks assumed under their respective areas of responsibility in line with the Risk Management policy and guidelines.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

**RISK MANAGEMENT FRAMEWORK** *(Cont'd)*

- The RMUs with the oversight by the ERMC provides the second line of defense. Quarterly updates on risk management are given by the heads of the various business units and certain supporting functions to the RMU's, which in turn reports the ERMC. The ERMC provides directions and has an oversight role in the risk management process. At its scheduled quarterly meetings, the ERMC appraised and assessed the efficiency of the controls and progress of actions plans taken to mitigate and monitor the risk management exposure of the Group. The ERMC also monitored the progress and status of the risk management activities, as well as raised issues of concern for Management's attention.

- The Internal Audit function provides the third line of defense. The function reports directly to the ARMC and provides independent assurance of the adequacy and reliability of risk management processes and system of internal control and ensures compliance with risk related requirements.

- Within the framework, there is an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls of the business units and supporting functions with regular communication between business units and the RMUs that in turn reports to the ERMC. The current methodology is adopted from the elements of Risk Management ISO 31000 (2008).

- The level of risk tolerance is expressed through the use of a risk impact and likelihood matrix with an established risks parameter boundary set by the ERMC and approved by the Board of Directors. The parameters set those risks that are deemed to exceed or close to exceeding risk tolerance and those which have not. There is established risk treatment guidance on the action to be taken for the relevant risks.

- The group's activities are exposed to a variety of risks, including operating, financial, strategic management, human resource, information technology, procurement, political, sales and marketing and safety, health and environment risks. The Group has relevant policies and guidelines on risk reporting and disclosure that cover those risks.

**Management of Significant Risks**

- The management of the significant risks identified for the financial year ended 31 March 2018 are as follows:

    1. Strategic Management Risks in managing principals and customers. Currently the sales team's plan is to continue to increase knowledge and competency to add value to our services that will ensure dependency from both customer and principal. We focus on education, diversification, and transfer of knowledge to maintain and enhance the relationship in this ever challenging and changing environment.

    2. Environmental Risk exist as we are operating within both the oil & gas and property development industries/segments which are exposed to compliance risk of the laws and regulations including those relating to health, safety, environment and compliance with the various certifications required for the industries. We currently have various preventive maintenance programs, training and development, and processes for risk assessment and monitoring and control based on ISO9001 quality objectives. There is an approved plan to build our own chemical refilling and storage facility with proper safety and environmental control system.

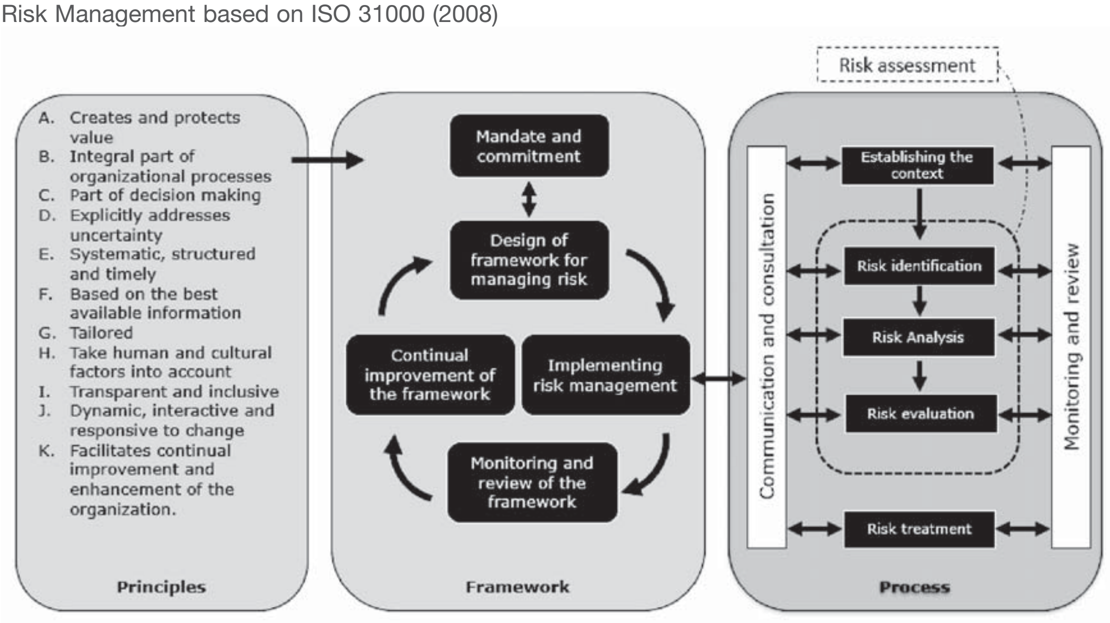
    3. Project Completion Risk, as the Group has businesses both locally and overseas and is exposed to various risks' relating to delay in procuring materials, project management and control issues, payment issues and lacking in communication. The Group has embarked on a more stringent role in terms of monitoring projects both locally and overseas such as appointing key people as project managers and regular monitoring and reporting on progress reports.

# **STATEMENT ON RISK MANAGEMENT** AND INTERNAL CONTROL
cont'd

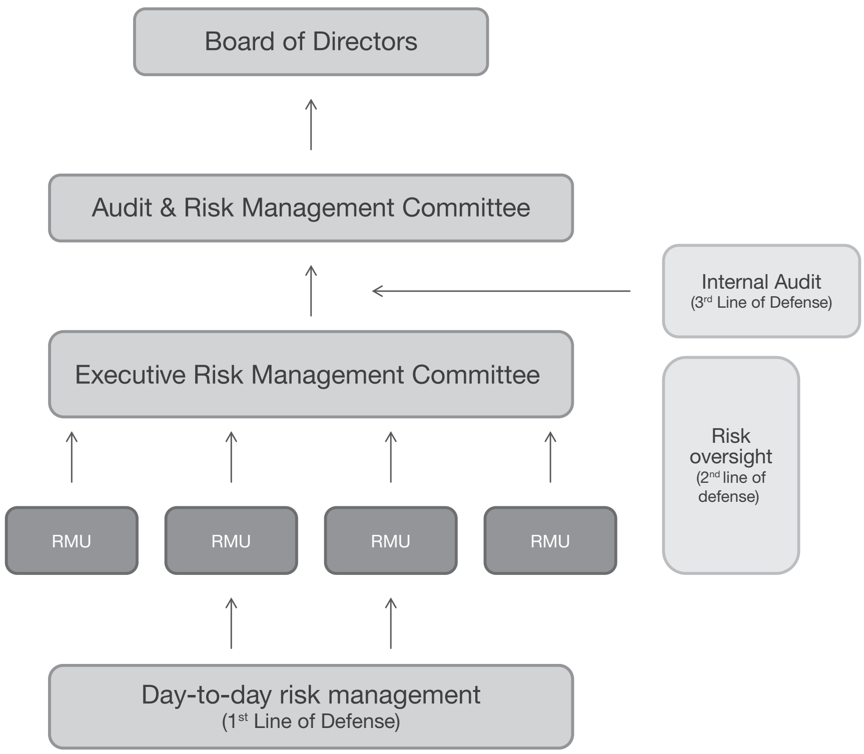
**RISK MANAGEMENT FRAMEWORK** *(Cont'd)*

**Management of Significant Risks** *(Cont'd)*

Risk Management based on ISO 31000 (2008)

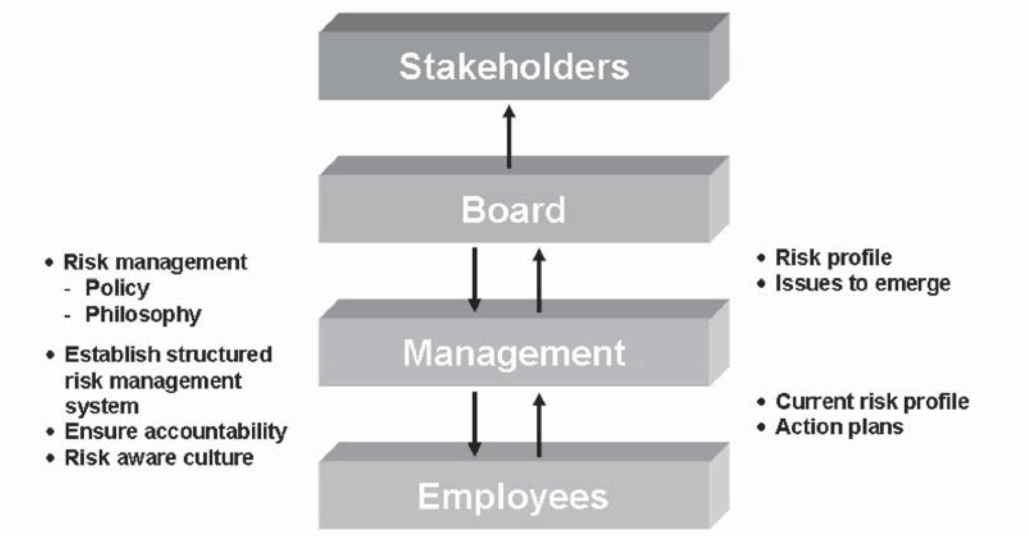



**RISK MANAGEMENT STRUCTURE**



# **STATEMENT ON RISK MANAGEMENT** AND INTERNAL CONTROL
cont'd

### RISK MANAGEMENT RESPONSIBILITIES




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

### INTERNAL AUDIT FUNCTION

At present, there is an in-house Internal Audit function. The Internal Audit function operates within the framework of the International Professional Practices Framework by the Institute of Internal Auditors as stated in its Internal Audit Charter, which is approved by the ARMC. The Internal Audit function provides the ARMC with independent opinions of processes, risk exposure and systems of internal control using the Committee of Sponsoring Organization of the Treadway Commission Internal Control – Integrated Framework as a guide.

The Internal Audit function assess the Group's Internal Control system according to the following five interrelated control elements:

- Control Environment
- Risk assessment
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- Information & Communication
- Monitoring

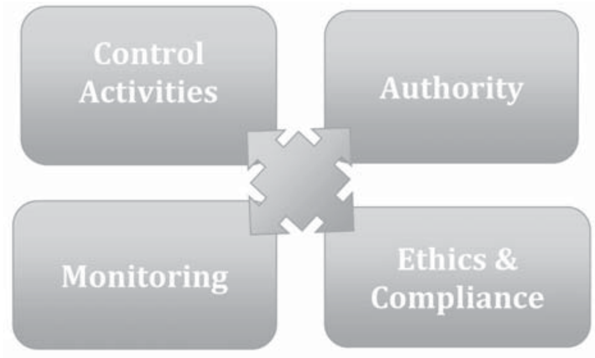
The Internal Audit team which is headed by Mr. Melvinder Singh, Vice President Group Internal Audit, who is a Chartered Member of the Institute of Internal Auditors Malaysia with more than 20 years of experience in internal auditing with the assistance of a team, independently reviews the key business processes, and reports to the ARMC on a quarterly basis. The ARMC reviews and evaluates the key audit issues raised by the Internal Audit function and ensures that appropriate and prompt remedial action is taken by the Management. During the financial year, the Internal Audit function prepared and presented an annual audit review schedule to the ARMC. This annual schedule outlines the key business processes of the Group's head office departments, property development subsidiaries as well as oil & gas services activities. The ARMC had reviewed and approved the schedule providing the Internal Audit team with the mandate in assessing the adequacy and effectiveness of the Group's internal control system.

In line with the approved annual review schedule, the Internal Audit team completed five audit reviews, two follow-up audits and two process reviews. The area of coverage is aligned with the Group's Risk Management assessment covering Finance, Human Resource, Operations, Procurement, Inventory, General IT, Sales, Marketing and Project Management.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

## CONTROL ENVIRONMENT AND STRUCTURE

Apart from the above, the other key elements of the Group's internal control system include:




a) Policies, procedures and limits of authority make up the control activities and authority
- Clearly documented internal policies, standards and procedures are in place and periodically updated to reflect and enhance operational efficiency. Cases of non-compliance with policies and procedures are reported to the ARMC.
- Clearly defined delegation of responsibilities to committees of the Board and to Management including organization structures and appropriate authority levels.

b) Strategies business planning, budgeting and reporting does the monitoring role.
- Weekly and regular comprehensive information provided to Management for monitoring through the Management Committee Meeting and Management Financial Review meetings on performance against strategic plans covering all key financial, operational, oil & gas and property venture indicators.
- Detailed budgeting process requiring all business units to review their budgets periodically. The budgets are discussed and approved by the President & Group Chief Executive Officer and subsequently the Board.
- The Group Chief Financial Officer provides the Board with quarterly financial information. This effective reporting system exposes significant variances against the budget. Key variances are followed up by Management and reported to the Board.

c) Risk assessment ensures that all are in compliance and meet the ethical requirements of the ethics code.
- The President & Group Chief Executive Officer, with the input from the ERMC, reviews with the ARMC on any significant changes in internal and external environment, which affects the Group's risk profile.

## CODE OF BUSINESS ETHICS SIGN OFF BY EMPLOYEES AND EXCO

The Group communicates the Code of Business Conduct to its employees upon their employment. The Code of Business Conduct reinforces the Group's core value on integrity by providing guidance on moral and ethical behavior that is expected from all employees in following applicable laws, policies, standards and procedures. Every six months or half yearly, the employees and Executive Committee of the Group and its Subsidiaries confirm compliance via the Code of Business Conduct Questionnaire for disclosure of any irregularities or breach of the Code of Business Conduct. The feedback from the Code of Business Conduct Questionnaire is considered by the Executive Committee and further deliberated by the ARMC. There were no irregularities or breaches in this financial year.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

## GROUP VENDOR CODE OF CONDUCT

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

## WHISTLEBLOWING POLICY

A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement of Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG 3), Guidance for Auditors on Engagement and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 March 2018, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines nor is the Statement of Risk Management and Internal Control factually inaccurate.

## BOARD ASSURANCE

For the financial year under review, the Board is satisfied and is of the view that the risk management and internal control systems in place for the year under review and up to the date of issuance of the financial statements is adequate and effective and there are no material losses resulting from significant weaknesses that require separate disclosure in the Annual Report.

The Board has also received assurance from the Executive Directors, President & Group Chief Executive Officer and the Company's Chief Financial Officer that to the best of their knowledge, the Group's risk management and internal control systems are operating adequately ad effectively, in all material aspects, based on the risk management and internal control systems of the Group. Nevertheless, the Board together with the Management of the Group is continuously taking measures to improve the policies and processes to further strengthen the key elements of risk management and internal control systems.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors duly passed on 27 June 2018.

# **ADDITIONAL** COMPLIANCE INFORMATION
as at 27 June 2018

### UTILISATION OF PROCEEDS

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 March 2018.

### AUDIT AND NON-AUDIT FEES

The amount of remuneration received and receivable by the Company's auditors, or a firm or corporation affiliated to the Company's auditors for services rendered to the Group and the Company for the financial year under review are as follows:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| **Statutory audit fees:** | | |
| By the Company's auditors | 114 | 52 |
| By a member firm of the Company's auditors | 74 | - |
| | 188 | 52 |
| **Non-audit fees:** | | |
| By the Company's auditors | 45 | 42 |
| By a member firm of the Company's auditors | 147 | - |
| By affiliated company of the Company's auditors (tax related) | 103 | 52 |
| | 295 | 94 |
| | 483 | 146 |

Included in the non-audit fees above for the Group and the Company, are fees for services that are non-recurring in nature of RM219,650 and RM58,000 respectively.

The recurring non-audit fees comprise tax compliance fees, review of Statement of Risk Management and Internal Control, review of Housing Development Act Accounts and quarterly financial statements review.

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

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

### EMPLOYEES' SHARE SCHEME ("ESS")

The Company's ESS comprising an employees' share option scheme and an employees' share grant plan was approved by the shareholders at the Extraordinary General Meeting held on 9 February 2018. The ESS came into effect on 12 February 2018 and shall be in force for a period of five (5) years. The ESS may be extended for such period, at the sole and absolute discretion of the Board, provided always that such extension of the ESS shall not in aggregate exceed a duration of ten (10) years or such other period as may be prescribed by Bursa Malaysia Securities Berhad or any other authorities from the effective date of the ESS.

As at 27 June 2018, no option or share grant has been awarded to any person pursuant to the ESS.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 2016 ("Act") to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and its subsidiaries (the "Group") as at the end of the financial year, and of the results, financial performance and cash flows of the Company and of the Group for the financial year.

The Directors consider that, in preparing the financial statements, the Company and the Group have consistently applied appropriate accounting policies on a going concern basis, supported by reasonable judgements and estimates that are prudent, and in compliance with all applicable Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have general responsibility for ensuring that the Company and the Group keep proper accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group and for taking such steps as are reasonably open to them to ensure that proper internal controls are in place to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board of the Directors dated 27 June 2018.

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment, investment holding and management services activities.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 6 to the financial statements.

## SUBSIDIARIES

The details of the subsidiaries are set out in Note 6 to the financial statements.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit/(Loss) for the financial year from: | | |
| - continuing operations | (2,925) | 7,297 |
| - discontinued operations | 3,219 | 3,327 |
| Profit for the financial year | 294 | 10,624 |
| Attributable to: | | |
| Equity holders of the Company | 1,021 | 10,624 |
| Non-controlling interests | (727) | - |
| | 294 | 10,624 |

## DIVIDEND

No dividend has been paid during the financial year.

On 30 May 2018, the Board of Directors declared a first interim single-tier dividend of 4.5 sen per share in respect of financial year ended 31 March 2018 amounting to RM6,071,000.

The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 March 2018.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## TREASURY SHARES

As at 31 March 2018, the Company held 1,289,400 treasury shares at a total cost of RM1,199,000.

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and as at the date of this report are:

Directors of the Company

Datuk Ali bin Abdul Kadir *(Chairman)*
Tan Sri Dato' Kamaluddin bin Abdullah *(Executive Deputy Chairman)**
Dato' Mazlin bin Md Junid *(President & Group Chief Executive Officer)**
Kok Kong Chin *(Executive Director)**
Tan Sri Dato' Seri Shamsul Azhar bin Abbas
Datuk Anuar bin Ahmad
Dato' Wee Yiaw Hin @ Ong Yiaw Hin
Loh Chen Yook*
Teo Chee Kok *(resigned on 28 February 2018)*

* *These Directors of the Company were also the Directors of certain subsidiaries of the Company.*

Other Directors of the Company's subsidiaries undertakings (as defined in Section 253 of the Companies Act 2016)

Abdul Karim bin Ali
Ami Akhram bin Abdullah
Andrew Leslie Fooks
Dato' Ong Chong Sek
Datin Azrene bt Abdullah
David Charles Field
Faizul bin Zainol
Ir. Mohd Arifin bin Samingun
Ir. Mohamad Radzi bin A Rahman
Ir. Mohd Razali bin Ramli
Kamalukhair bin Abdullah
Kee Wan Yong
Koo Siew Ling
Lau Lee Hoong
Law Wai Cheong
Mohd Arif Shah bin Omar
Sin Wai Ling
Rayburn Azhar bin Ali
Tong Lee Hiong
Zainun binti Yusof

In accordance with Article 76 of the Company's Articles of Association, Datuk Ali Bin Abdul Kadir, Kok Kong Chin and Loh Chen Yook retire from the Board of the Company at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **Balance as at 1.4.2017** | **Bought** | **Sold** | **Balance as at 31.3.2018** |
| **Shares in the Company** | | | | |
| **Direct interests** | | | | |
| Datuk Ali bin Abdul Kadir | 4,000,000 | - | - | 4,000,000 |
| Tan Sri Dato' Kamaluddin bin Abdullah | 12,507,629 | - | - | 12,507,629 |
| Kok Kong Chin | 3,000,000 | - | - | 3,000,000 |
| Datuk Anuar bin Ahmad | - | 1,000,000 | - | 1,000,000 |
| Dato' Wee Yiaw Hin @ Ong Yiaw Hin | - | 1,000,000 | - | 1,000,000 |
| **Indirect interests** | | | | |
| Tan Sri Dato' Kamaluddin bin Abdullah | 44,600,000 | - | (2,500,000) | 42,100,000 |
| Dato' Mazlin bin Md Junid | 29,400,000 | - | (2,000,000) | 27,400,000 |
| Tan Sri Dato' Seri Shamsul Azhar bin Abbas | 2,000,000 | - | - | 2,000,000 |
| **Shares in a subsidiary** | | | | |
| **Landmark Zone Sdn. Bhd.** | | | | |
| **Indirect interests** | | | | |
| Loh Chen Yook | 2,400,000 | - | - | 2,400,000 |

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Kamaluddin bin Abdullah and Dato' Mazlin bin Md Junid are also deemed to be interested in the ordinary shares of all the subsidiaries during the financial year to the extent the Company has an interest under Section 8(4) of the Companies Act 2016.

None of the other Directors holding office at the end of the financial year held any beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 39 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The details of Directors' remuneration are disclosed in Note 39(c) to the financial statements.

**INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS**

Total amount of professional indemnity insurance premium paid for the Directors and officers of the Group and of the Company is as follows:

| | Group/ Company RM'000 |
|---|---|
| Directors and officers | 20 |

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

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

**(I) AS AT THE END OF THE FINANCIAL YEAR**

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# DIRECTORS' REPORT
cont'd

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

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT** *(Cont'd)*

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

Significant events during the financial year, other than those disclosed elsewhere in the financial statements, are disclosed in Note 43 to the financial statements.

**SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD**

Details of subsequent events after the end of the reporting period are disclosed in Note 44 to the financial statements.

**AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2018 are disclosed in Note 31 to the financial statements.

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

| | |
|---|---|
| **Dato' Mazlin bin Md Junid** | **Kok Kong Chin** |
| Director | Director |

Kuala Lumpur
27 June 2018

# **STATEMENT BY** DIRECTORS

Pursuant to Section 251 (2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 57 to 134 have been drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

| | |
|---|---|
| **Dato' Mazlin bin Md Junid** | **Kok Kong Chin** |
| Director | Director |

Kuala Lumpur
27 June 2018

# **STATUTORY** DECLARATION

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

I, Ami Akhram bin Abdullah (CA 33924), being the officer primarily responsible for the financial management of ENRA Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )
declared by the above named at )
Kuala Lumpur this )
27 June 2018 ) **Ami Akhram bin Abdullah**

Before me,

PESURUHJAYA SUMPAH
W663
BALOO T. PICHAI
01.01.18-31.12.18
MALAYSIA

102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

# **INDEPENDENT** AUDITORS' REPORT

To the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of ENRA Group Berhad, which comprise statements of financial position as at 31 March 2018, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Group level

**(1) Impairment assessment of the carrying amount of goodwill**

As at 31 March 2018, goodwill on consolidation of RM8.5 million as disclosed in Note 9 to the financial statements.

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

We have focused on the impairment assessment of the carrying amount of goodwill as the determination of whether or not an impairment loss is necessary involved significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the CGU in determining its recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate.

**KEY AUDIT MATTERS** *(Cont'd)*

**Group level** *(Cont'd)*

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

***Audit response***

Our audit procedures included the following:

(a) compared cash flow projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cashflow forecast and projections by comparing to actual historical growth rates;

(b) compared prior period budgets and forecasts to current period's actual results to assess the historical accuracy of the forecasts;

(c) assessed the suitability of the pre-tax discount rate used by the CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

(d) performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

**(2) Recoverability of trade receivables**

As at 31 March 2018, trade receivables that had been past due but not impaired amounted to RM22.9 million as disclosed in Note 12 to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

The determination of whether the trade receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the ability of the trade receivables to settle their debts. We focused on the audit risk that the impairment losses on trade receivables may be understated and hence, further impairment losses may be required.

***Audit response***

Our audit procedures included the following:

(a) obtained an understanding of the credit process operated by management over the recoverability of trade receivables of the Group;

(b) assessed recoverability of trade receivables by reference to their historical bad debt expense, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms; and

(c) assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

# **INDEPENDENT** AUDITORS' REPORT

To the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)
cont'd

**KEY AUDIT MATTERS** *(Cont'd)*

**Company level**

**Impairment assessment of the carrying amounts of costs of investments in subsidiaries and amounts due from subsidiaries**

As at 31 March 2018, costs of investments in subsidiaries and amounts due from subsidiaries of the Company amounted to RM13.2 million and RM72.3 million respectively as disclosed in Notes 6 and 12 to the financial statements.

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

We have focused on the impairment assessment of the carrying amounts of the costs of investments in subsidiaries and the amounts due from subsidiaries as the determination of whether or not an impairment loss is necessary involved significant judgements and estimates by the Directors about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining their recoverable amounts. These key assumptions include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate.

***Audit response***

Our audit procedures included the following:

(a) compared cash flow projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cashflow forecast and projections by comparing to actual growth rates;

(b) compared prior period budgets and forecasts to current period's actual results to assess the historical accuracy of the forecasts;

(c) assessed the suitability of the pre-tax discount rate used by each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factor; and

(d) performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# **INDEPENDENT** AUDITORS' REPORT

To the Members of ENRA GROUP BERHAD (Incorporated in Malaysia)
cont'd

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS** *(Cont'd)*

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

**BDO**
AF : 0206
Chartered Accountants

**Ng Soe Kei**
02982/08/2019 J
Chartered Accountant

Kuala Lumpur
27 June 2018

# STATEMENTS OF FINANCIAL POSITION
As at 31 March 2018

| | Note | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 4,531 | 3,716 | 762 | 792 |
| Investment properties | 5 | - | - | - | - |
| Investments in subsidiaries | 6 | - | - | 13,249 | 10,909 |
| Investment in an associate | 7 | - | - | - | - |
| Investment in a joint venture | 8 | - | - | - | - |
| Deferred tax assets | 21 | 117 | 1,929 | - | - |
| Goodwill on consolidation | 9 | 8,505 | 8,505 | - | - |
| | | 13,153 | 14,150 | 14,011 | 11,701 |
| **Current assets** | | | | | |
| Property development costs | 10 | - | - | - | - |
| Inventories | 11 | 73,594 | 77,231 | - | - |
| Trade and other receivables | 12 | 69,541 | 81,499 | 75,987 | 52,759 |
| Derivative assets | 14 | 111 | 73 | 111 | 73 |
| Current tax assets | | 469 | 1,286 | 346 | 1,103 |
| Cash and bank balances and short term funds | 15 | 46,189 | 64,065 | 10,110 | 5,174 |
| | | 189,904 | 224,154 | 86,554 | 59,109 |
| Assets held for sale | 16 | 85,156 | 85,156 | 85,575 | 85,575 |
| **TOTAL ASSETS** | | 288,213 | 323,460 | 186,140 | 156,385 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 17 | 144,744 | 144,744 | 144,744 | 144,744 |
| Redeemable convertible preference shares equity | 18 | 409 | 409 | - | - |
| Treasury shares | 19 | (1,199) | (1,199) | (1,199) | (1,199) |
| Non-distributable reserves | 20 | 367 | 347 | - | - |
| Retained earnings/(Accumulated losses) | | 7,690 | 8,444 | (18,604) | (29,228) |
| | | 152,011 | 152,745 | 124,941 | 114,317 |
| Non-controlling interests | | 13,725 | 18,260 | - | - |
| **TOTAL EQUITY** | | 165,736 | 171,005 | 124,941 | 114,317 |

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

# **STATEMENTS OF** FINANCIAL POSITION

As at 31 March 2018
cont'd

| | Note | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** *(Cont'd)* | | | | | |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 21 | 243 | 101 | - | - |
| Trade and other payables | 22 | 104 | 1,313 | - | - |
| Borrowings | 23 | 3,398 | 17,627 | 2,757 | 11,102 |
| Redeemable convertible preference shares liability | 18 | 703 | 648 | - | - |
| | | 4,448 | 19,689 | 2,757 | 11,102 |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | 44,514 | 82,327 | 11,976 | 3,488 |
| Borrowings | 23 | 72,464 | 45,575 | 46,466 | 27,478 |
| Current tax liabilities | | 1,044 | 4,857 | - | - |
| | | 118,022 | 132,759 | 58,442 | 30,966 |
| Liabilities held for sale | 16 | 7 | 7 | - | - |
| **TOTAL LIABILITIES** | | 122,477 | 152,455 | 61,199 | 42,068 |
| **TOTAL EQUITY AND LIABILITIES** | | 288,213 | 323,460 | 186,140 | 156,385 |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Continuing operations** | | | | | |
| Revenue | 28 | 75,286 | 179,338 | - | - |
| Cost of sales | 29 | (53,919) | (124,365) | - | - |
| Gross profit | | 21,367 | 54,973 | - | - |
| Other income | | 6,435 | 622 | 21,231 | 4,425 |
| Administrative expenses | | (23,044) | (22,323) | (13,452) | (9,812) |
| Other expenses | | (4,897) | (4,266) | (83) | (181) |
| Finance costs | 30 | (642) | (470) | (399) | (6) |
| Share of results of an associate, net of tax | | - | (15) | - | - |
| (Loss)/Profit before tax | 31 | (781) | 28,521 | 7,297 | (5,574) |
| Tax expense | 32 | (2,144) | (8,989) | - | - |
| (Loss)/Profit for the financial year from continuing operations | | (2,925) | 19,532 | 7,297 | (5,574) |
| **Discontinued operations** | | | | | |
| Profit/(Loss) for the financial year from discontinued operations, net of tax | 33 | 3,219 | (84,011) | 3,327 | (83,475) |
| Profit/(Loss) for the financial year | | 294 | (64,479) | 10,624 | (89,049) |
| Other comprehensive income/(loss): | | | | | |
| Foreign currency translations, net of tax | | 22 | 12 | - | - |
| Total comprehensive income/(loss) | | 316 | (64,467) | 10,624 | (89,049) |

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

# **STATEMENTS OF** PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

cont'd

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) attributable to: | | | | | |
| Equity holders of the Company | | 1,021 | (72,081) | 10,624 | (89,049) |
| Non-controlling interests | | (727) | 7,602 | - | - |
| | | 294 | (64,479) | 10,624 | (89,049) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| Equity holders of the Company | | 1,041 | (72,073) | 10,624 | (89,049) |
| Non-controlling interests | | (725) | 7,606 | - | - |
| | | 316 | (64,467) | 10,624 | (89,049) |
| Earnings per ordinary share attributable to equity holders of the Company (sen): | | | | | |
| Basic and diluted | 34 | | | | |
| (Loss)/Profit from continuing operations | | (1.63) | 8.84 | | |
| Profit/(Loss) from discontinued operations | | 2.39 | (62.23) | | |
| Profit/(Loss) for the financial year | | 0.76 | (53.39) | | |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2018

| Group | Note | Share capital | Redeemable convertible preference shares | Share premium | Capital reserve | Exchange translation reserve | Treasury shares | Retained earnings | Total attributable to equity holders of the Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ← Non-distributable | | | | | → | Distributable | | | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Balance as at 31 March 2016** | | 136,208 | - | 8,536 | 275 | 64 | (1,199) | 91,319 | 235,203 | 11,026 | 246,229 |
| (Loss)/Profit for the financial year | | - | - | - | - | - | - | (72,081) | (72,081) | 7,602 | (64,479) |
| Other comprehensive income, net of tax | | - | - | - | - | 8 | - | - | 8 | 4 | 12 |
| Total comprehensive income | | - | - | - | - | 8 | - | (72,081) | (72,073) | 7,606 | (64,467) |
| **Transactions with owners** | | | | | | | | | | | |
| Additional non-controlling interests arising from business combinations | | - | - | - | - | - | - | - | - | (491) | (491) |
| Issuance of redeemable convertible preference shares | 18 | - | 409 | - | - | - | - | - | 409 | - | 409 |
| Issue of shares by subsidiaries to to non-controlling interests | | - | - | - | - | - | - | - | - | 119 | 119 |
| Dividends to equity holders of the Company | 35 | - | - | - | - | - | - | (10,794) | (10,794) | - | (10,794) |
| Total transactions with owners | | - | 409 | - | - | - | - | (10,794) | (10,385) | (372) | (10,757) |
| Effects of the new Companies Act 2016 | 17 | 8,536 | - | (8,536) | - | - | - | - | - | - | - |
| **Balance as at 31 March 2017** | | 144,744 | 409 | - | 275 | 72 | (1,199) | 8,444 | 152,745 | 18,260 | 171,005 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2018
cont'd

| | | Non-distributable | | | | | | Distributable | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Group | Note | Share capital RM'000 | Redeemable convertible preference shares RM'000 | Share premium RM'000 | Capital reserve RM'000 | Exchange translation reserve RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Total attributable to equity holders of the Company RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| **Balance as at 31 March 2017** | | 144,744 | 409 | - | 275 | 72 | (1,199) | 8,444 | 152,745 | 18,260 | 171,005 |
| Profit/(Loss) for the financial year | | - | - | - | - | - | - | 1,021 | 1,021 | (727) | 294 |
| Other comprehensive income, net of tax | | - | - | - | - | 20 | - | - | 20 | 2 | 22 |
| Total comprehensive income | | - | - | - | - | 20 | - | 1,021 | 1,041 | (725) | 316 |
| **Transactions with owners** | | | | | | | | | | | |
| Acquisition of shares from non-controlling interests | | - | - | - | - | - | - | (1,775) | (1,775) | 1,775 | - |
| Dividends to non-controlling interests | | - | - | - | - | - | - | - | - | (5,585) | (5,585) |
| Total transactions with owners | | - | - | - | - | - | - | (1,775) | (1,775) | (3,810) | (5,585) |
| **Balance as at 31 March 2018** | | 144,744 | 409 | - | 275 | 92 | (1,199) | 7,690 | 152,011 | 13,725 | 165,736 |

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

# **STATEMENT OF** CHANGES IN EQUITY
For the financial year ended 31 March 2018

| Company | Share capital | Share premium | Treasury shares | Retained earnings/ (Accumulated losses) | Total Equity |
|---|---|---|---|---|---|
| | ← Non-distributable | | → | Distributable | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Balance as at 31 March 2016** | 136,208 | 8,536 | (1,199) | 70,615 | 214,160 |
| Loss for the financial year | - | - | - | (89,049) | (89,049) |
| Other comprehensive loss, net of tax | - | - | - | - | - |
| Total comprehensive loss | - | - | - | (89,049) | (89,049) |
| **Transactions with owners** | | | | | |
| Dividends to equity holders of the Company (Note 35) | - | - | - | (10,794) | (10,794) |
| Total transactions with owners | - | - | - | (10,794) | (10,794) |
| Effects of the new Companies Act 2016 (Note 17) | 8,536 | (8,536) | - | - | - |
| **Balance as at 31 March 2017** | 144,744 | - | (1,199) | (29,228) | 114,317 |
| Profit for the financial year | - | - | - | 10,624 | 10,624 |
| Other comprehensive income, net of tax | - | - | - | - | - |
| Total comprehensive income | - | - | - | 10,624 | 10,624 |
| **Balance as at 31 March 2018** | 144,744 | - | (1,199) | (18,604) | 124,941 |

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

# **STATEMENTS OF** CASH FLOWS
For the financial year ended 31 March 2018

| | Note | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| (Loss)/Profit before tax from: | | | | | |
| Continuing operations | | (781) | 28,521 | 7,297 | (5,574) |
| Discontinued operations | 33(b) | 3,290 | (84,160) | 3,398 | (83,620) |
| Adjustments for: | | | | | |
| Bad debts written off | | - | 20 | - | - |
| Depreciation of property, plant and equipment | 4 | 1,312 | 1,108 | 278 | 488 |
| Fair value adjustments on investment properties | 5 | - | 79,076 | - | 79,288 |
| Fair value gain on derivatives | 14 | (38) | (73) | (38) | (73) |
| Loss/(Gain) on disposal of subsidiaries | | 1 | (286) | - | - |
| Gain on disposal of property, plant and equipment | | (132) | - | (2) | - |
| Impairment losses on disposal group | 16 | - | 7,846 | - | 7,238 |
| Unrealised loss on foreign exchange | | 705 | 410 | 612 | 365 |
| Share of results of an associate, net of tax | | - | 15 | - | - |
| Derecognition of contingent consideration for business acquisition | | (4,092) | - | - | - |
| Unwinding of discount (RCPS) | 18 | 55 | - | - | - |
| Dividend income | | - | - | (15,033) | - |
| Interest expense | | 3,114 | 3,197 | 2,926 | 2,733 |
| Interest income | | (1,639) | (924) | (2,675) | (1,453) |
| Operating profit/(loss) before changes in working capital | | 1,795 | 34,750 | (3,237) | (608) |
| Decrease in property development costs | | - | 65,363 | - | - |
| Decrease/(Increase) in inventories | | 2,758 | (36,707) | - | - |
| Decrease/(Increase) in trade and other receivables | | 11,943 | 2,038 | (4,478) | 1,930 |
| (Decrease)/Increase in trade and other payables | | (35,004) | (19,802) | 8,488 | (493) |
| Cash (used in)/generated from operations | | (18,508) | 45,642 | 773 | 829 |
| Tax (paid)/refund | | (3,259) | (8,659) | 686 | (410) |
| Net cash (used in)/from operating activities | | (21,767) | 36,983 | 1,459 | 419 |

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

# STATEMENTS OF CASH FLOWS
For the financial year ended 31 March 2018
cont'd

| | Note | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Interest received | | 1,639 | 924 | 2,675 | 1,453 |
| (Placement)/Uplift of fixed deposits pledged | | (2,069) | 1,182 | (50) | (51) |
| Proceeds from disposal of property, plant and equipment | | 179 | - | 37 | - |
| Acquisition of: | | | | | |
| - subsidiary, net of cash | | - | (2,817) | - | - |
| - property, plant and equipment | 4 | (2,174) | (1,522) | (3) | (346) |
| Additional investments in subsidiaries | | - | - | - | (300) |
| Issuance of shares by subsidiary to non-controlling interests | | - | 119 | - | - |
| (Advances to)/Repayments from subsidiaries | | - | - | (21,982) | 1,952 |
| Net cash (used in)/from investing activities | | (2,425) | (2,114) | (19,323) | 2,708 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Interest paid | | (3,114) | (3,197) | (2,926) | (2,733) |
| Issuance of redeemable convertible preference shares | | - | 1,057 | - | - |
| Dividends received | | - | - | 15,033 | - |
| Dividends paid to: | | | | | |
| - equity holders of the Company | | - | (10,794) | - | (10,794) |
| - non-controlling interests | | (5,585) | - | - | - |
| Drawdown of other borrowings | | 34,537 | 5,222 | 19,700 | - |
| Drawdown of borrowings | | - | 1,786 | - | - |
| Repayments of: | | | | | |
| - hire-purchase and lease creditors | | (234) | (220) | (46) | (89) |
| - other borrowings | | - | (3,497) | - | - |
| - term loans | | (19,077) | (10,961) | (8,343) | (8,125) |
| Net cash from/(used in) financing activities | | 6,527 | (20,604) | 23,418 | (21,741) |
| Net (decrease)/increase in cash and cash equivalents | | (17,665) | 14,265 | 5,554 | (18,614) |
| Cash and cash equivalents at beginning of financial year | | 39,679 | 25,644 | (15,664) | 2,950 |
| Effects of exchange rate changes on cash and cash equivalents | | (44) | (230) | - | - |
| Cash and cash equivalents at end of financial year | 15(f) | 21,970 | 39,679 | (10,110) | (15,664) |

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

# **STATEMENTS OF** CASH FLOWS
For the financial year ended 31 March 2018
cont'd

Reconciliation of liabilities arising from financial activities:

| | Other borrowings (Note 23) | | Term loans (Note 26) | | Hire-purchase and lease creditors (Note 25) | |
|---|---|---|---|---|---|---|
| | **Group** | **Company** | **Group** | **Company** | **Group** | **Company** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| At 1 April 2017 | 5,222 | - | 36,172 | 19,362 | 1,151 | 129 |
| Cash flows | 34,537 | 19,700 | (19,077) | (8,343) | (234) | (46) |
| Non-cash flows: | | | | | | |
| - Effect of foreign currency | - | - | (330) | - | - | - |
| At 31 March 2018 | 39,759 | 19,700 | 16,765 | 11,019 | 917 | 83 |

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

## 1. CORPORATE INFORMATION

ENRA Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at D2-U3-10, Block D2, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 March 2018 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 June 2018.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in property investment, investment holding and investment services activities. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 6 to the financial statements.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act 2016 in Malaysia.

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

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities.

## 4. PROPERTY, PLANT AND EQUIPMENT

| **Group 2018** | **Balance as at 1.4.2017 RM'000** | **Additions RM'000** | **Disposals RM'000** | **Depreciation charge for the year RM'000** | **Balance as at 31.3.2018 RM'000** |
|---|---|---|---|---|---|
| **Carrying amount** | | | | | |
| Furniture, fittings, renovation and office equipment | 1,330 | 43 | (6) | (549) | 818 |
| Computer hardware and software | 434 | 123 | (41) | (234) | 282 |
| Motor vehicles | 1,241 | 107 | - | (332) | 1,016 |
| Plant and machinery | 711 | 1,901 | - | (197) | 2,415 |
| | 3,716 | 2,174 | (47) | (1,312) | 4,531 |

# **NOTES TO THE** FINANCIAL STATEMENTS
31 March 2018
cont'd

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

| | At 31.3.2018 | | |
|---|---|---|---|
| | **Cost** | **Accumulated depreciation** | **Carrying amount** |
| | **RM'000** | **RM'000** | **RM'000** |
| Furniture, fittings, renovation and office equipment | 2,076 | (1,258) | 818 |
| Computer hardware and software | 1,063 | (781) | 282 |
| Motor vehicles | 2,098 | (1,082) | 1,016 |
| Plant and machinery | 2,638 | (223) | 2,415 |
| | 7,875 | (3,344) | 4,531 |

| **Group 2017** | **Balance as at 1.4.2016** | **Acquisition of subsidiary (Note 9)** | **Additions** | **Depreciation charge for the year** | **Transfer to assets held for sale (Note 16)** | **Balance as at 31.3.2017** |
|---|---|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Carrying amount** | | | | | | |
| Buildings | 1,717 | - | - | (39) | (1,678) | - |
| Furniture, fittings, renovation and office equipment | 796 | - | 942 | (408) | - | 1,330 |
| Computer hardware and software | 461 | - | 247 | (274) | - | 434 |
| Motor vehicles | 840 | - | 720 | (319) | - | 1,241 |
| Plant and machinery | 453 | 65 | 261 | (68) | - | 711 |
| | 4,267 | 65 | 2,170 | (1,108) | (1,678) | 3,716 |

| | At 31.3.2017 | | |
|---|---|---|---|
| | **Cost** | **Accumulated depreciation** | **Carrying amount** |
| | **RM'000** | **RM'000** | **RM'000** |
| Furniture, fittings, renovation and office equipment | 2,566 | (1,236) | 1,330 |
| Computer hardware and software | 1,040 | (606) | 434 |
| Motor vehicles | 1,990 | (749) | 1,241 |
| Plant and machinery | 801 | (90) | 711 |
| | 6,397 | (2,681) | 3,716 |

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

| Company 2018 | Balance as at 1.4.2017 | Additions | Transfer from a subsidiary | Disposal | Depreciation charge for the year | Balance as at 31.3.2018 |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Carrying amount** | | | | | | |
| Furniture, fittings, renovation and office equipment | 304 | 3 | 277 | - | (67) | 517 |
| Computer hardware and software | 325 | - | 3 | (35) | (155) | 138 |
| Motor vehicles | 163 | - | - | - | (56) | 107 |
| | 792 | 3 | 280 | (35) | (278) | 762 |

| | At 31.3.2018 Cost | Accumulated depreciation | Carrying amount |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| Furniture, fittings, renovation and office equipment | 1,461 | (944) | 517 |
| Computer hardware and software | 763 | (625) | 138 |
| Motor vehicles | 652 | (545) | 107 |
| | 2,876 | (2,114) | 762 |

| Company 2017 | Balance as at 1.4.2016 | Additions | Depreciation charge for the year | Transfer to assets held for sale (Note 16) | Balance as at 31.3.2017 |
|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Carrying amount** | | | | | |
| Buildings | 1,717 | - | (39) | (1,678) | - |
| Furniture, fittings, renovation and office equipment | 269 | 148 | (113) | - | 304 |
| Computer hardware and software | 351 | 198 | (224) | - | 325 |
| Motor vehicles | 275 | - | (112) | - | 163 |
| | 2,612 | 346 | (488) | (1,678) | 792 |

# **NOTES TO THE** FINANCIAL STATEMENTS
31 March 2018
cont'd

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

| | At 31.3.2017 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Carrying amount |
| | RM'000 | RM'000 | RM'000 |
| Furniture, fittings, renovation and office equipment | 1,181 | (877) | 304 |
| Computer hardware and software | 849 | (524) | 325 |
| Motor vehicles | 652 | (489) | 163 |
| | 2,682 | (1,890) | 792 |

(a) Depreciation is calculated to write off the costs of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates and period are as follows:

| | |
|---|---|
| Buildings | 50 years |
| Furniture, fittings, renovation and office equipment | 10% - 33.33% |
| Computer hardware and software | 20% - 33.33% |
| Motor vehicles | 20% |
| Plant and machinery | 10% |

(b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Purchase of property, plant and equipment | 2,174 | 2,170 | 3 | 346 |
| Financed by hire-purchase arrangements | - | (648) | - | - |
| Cash payments on purchase of property, plant and equipment | 2,174 | 1,522 | 3 | 346 |

(c) The carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase arrangements are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Motor vehicles | 1,016 | 1,240 | 107 | 162 |

## 5. INVESTMENT PROPERTIES

| Group 2018 | Balance as at 1.4.2017/ 31.3.2018 RM'000 |
|---|---|
| **Carrying amount** | |
| At fair value: | |
| Buildings | - |

| Group 2017 | Balance as at 1.4.2016 RM'000 | Additions RM'000 | Fair value adjustments RM'000 | Transfer to assets held for sale (Note 16) RM'000 | Balance as at 31.3.2017 RM'000 |
|---|---|---|---|---|---|
| **Carrying amount** | | | | | |
| At fair value: | | | | | |
| Buildings | 170,400 | - | (79,076) | (91,324) | - |

| Company 2018 | Balance as at 1.4.2017/ 31.3.2018 RM'000 |
|---|---|
| **Carrying amount** | |
| At fair value: | |
| Buildings | - |

| Company 2017 | Balance as at 1.4.2016 RM'000 | Additions RM'000 | Fair value adjustments RM'000 | Transfer to assets held for sale (Note 16) RM'000 | Balance as at 31.3.2017 RM'000 |
|---|---|---|---|---|---|
| **Carrying amount** | | | | | |
| At fair value: | | | | | |
| Buildings | 169,863 | - | (79,288) | (90,575) | - |

# **NOTES TO THE** FINANCIAL STATEMENTS
31 March 2018
cont'd

**5. INVESTMENT PROPERTIES** *(Cont'd)*

(a) Investment properties are properties, which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

Fair values of investment properties are based on valuations by registered independent valuer with appropriate recognised professional qualification and have recent experience in the category of the investment properties being valued.

(b) A detailed valuation exercise was carried out by independent professional valuer on the Group's and the Company's investment properties in Johor Bahru and in Cheras, Kuala Lumpur in the previous financial year. The professional valuer has adopted the Investment Method and Comparison Method, considering key factors such as net yields, gross rental rates of similar office space within the vicinity, average property expenses, average void for the last ten (10) years, recent evidence of values of comparable properties with adjustments to its values per square foot before arriving at the fair value as at 31 March 2017.

The following table shows a reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Balance as at 1 April | - | - | - | - |
| Transfer into Level 3 | - | 170,400 | - | 169,863 |
| Fair value adjustments (Note33(c)) | - | (79,076) | - | (79,288) |
| Transfer to assets held for sale | - | (91,324) | - | (90,575) |
| Balance as at 31 March | - | - | - | - |

(c) It was noted the following factors mainly attributed to the changes in the fair value of investment properties:

(i) low rental yield from the investment properties with limited growth in view of increasing supply and competition of new retail and office spaces within the nearby vicinity. Future growth is dependent on extensive refurbishment and further investment as the investment properties are in a state of disrepair; and

(ii) lacklustre and negative responses, while exploring option for sale, that the Group does not own the entire investment properties in Johor Bahru.

**6. INVESTMENTS IN SUBSIDIARIES**

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| At cost: | | |
| - Unquoted equity shares | 13,748 | 11,408 |
| Less: Impairment losses | (499) | (499) |
| | 13,249 | 10,909 |

6. **INVESTMENTS IN SUBSIDIARIES** *(Cont'd)*

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

(i) On 6 October 2017, ENRA SPM Labuan Limited was incorporated with an issued and paid-up share capital of USD1 comprising 1 share held by ENRA SPM Sdn. Bhd. ("ESPM"), an indirect subsidiary of the Company, to undertake leasing business in, through and from the Federal Territory of Labuan. The paid up share capital was increased to USD10,000 representing 10,000 ordinary shares on 22 March 2018 with cash injection from ESPM.

(ii) On 16 November 2017, ENRA Energy Sdn. Bhd. ("EESB"), a wholly-owned direct subsidiary of the Company, subscribed for an additional 1,500,000 ordinary shares at a total consideration of RM1,500,000 in ENRA Kimia Sdn. Bhd., an indirect subsidiary of the Company, by cash.

(iii) On 16 November 2017, EESB subscribed for an additional 1,500,000 ordinary shares at a total consideration of RM1,500,000 in ENRA Oil & Gas Services Sdn. Bhd. ("EOGS"), an indirect subsidiary of the Company, by cash.

Subsequently, on 31 December 2017, EESB subscribed for an additional 7,500,000 ordinary shares at a total consideration of RM7,500,000 in EOGS by cash.

(iv) On 16 November 2017, EOGS subscribed for an additional 1,500,000 ordinary shares issued by ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB"). The issuance of new shares increased the ordinary share capital of EEFAB from RM1,000,000 to RM2,500,000 and bringing the effective shareholding of EOGS from 75% to 90% whilst reducing the non-controlling interests in shareholding in EEFAB from 25% to 10%.

Subsequently, on 20 November 2017, the non-controlling interests of EEFAB disposed off its entire 10% shareholding in EEFAB to EOGS for a cash consideration of RM1. As a result, EEFAB has become a wholly-owned subsidiary of EOGS and an indirect wholly-owned subsidiary of the Company.

On 31 December 2017, EOGS subscribed for an additional 7,500,000 ordinary shares at a total consideration of RM7,500,000 in ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB") by cash.

(v) On 2 March 2018, ENRA Power Systems Sdn. Bhd. was incorporated with an issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares held by ENRA Energy Sdn. Bhd., a wholly-owned direct subsidiary of the Company, to carry out the business of marketing, selling and distribution of power generation-related equipment and machineries as well as provision of after-sales services which include maintenance, repair and overhauling.

(vi) On 13 March 2018, the Company has transferred 2 ordinary shares representing the entire issued and paid-up share capital of Prominent Archway Sdn. Bhd. ("PASB") *[f.k.a. ENRA Management Services Sdn. Bhd.]* to ENRA Land Sdn. Bhd. ("ELSB"), a wholly-owned direct subsidiary of the Company, for a cash consideration of RM2.00. As a result, PASB has become a wholly-owned subsidiary of ELSB and an indirect wholly-owned subsidiary of the Company.

(vii) On 27 March 2018, the Company subscribed for an additional 2,339,998 ordinary shares at a total consideration of RM2,339,998 in wholly-owned direct subsidiary, ENRA Engineering and Construction Sdn. Bhd. ("EEC") by way of capitalising of amount owing by EEC to the Company.

(b) Disposal of interests in a subsidiary

On 30 January 2018, Barnes Avenue Limited ("BAL"), a wholly-owned indirect subsidiary of the Company, had been struck off from the register of Companies House in the United Kingdom. BAL was incorporated in the United Kingdom with an issued and paid-up share capital of £1 on 15 October 2015 and had remained dormant from its incorporation until the date it was struck off.

**6. INVESTMENTS IN SUBSIDIARIES** *(Cont'd)*

(c) The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited and Barnes Avenue Limited, which are incorporated in United Kingdom, are as follows:

| Name of company | Effective interest in equity 2018 % | 2017 % | Principal activities |
|---|---|---|---|
| Tenderly Marketing Sdn. Bhd. | 100 | 100 | Dormant |
| Orlando Manufacturing Sdn. Bhd. | 100 | 100 | Dormant |
| Essential Vista Sdn. Bhd.* | 100 | 100 | Dormant |
| Evergreen Sprint Sdn. Bhd.* | 100 | 100 | Dormant |
| Nautical Gold Sdn. Bhd.* | 100 | 100 | Dormant |
| Prominent Archway Sdn. Bhd. *[f.k.a. ENRA Management Services Sdn. Bhd.]* | - | 100 | Intended business has yet to commence |
| ENRA Labuan Sdn. Bhd. | 100 | 100 | Property development |
| Landmark Zone Sdn. Bhd. | 70 | 70 | Property development |
| ENRA Land Sdn. Bhd. | 100 | 100 | Dormant |
| ENRA Energy Logistics Sdn. Bhd. | 100 | 100 | Dormant |
| ENRA Energy Sdn. Bhd. | 100 | 100 | Investment holding |
| ENRA Engineering & Construction Sdn. Bhd. | 100 | 100 | Investment holding |
| **Subsidiaries of ENRA Energy Sdn. Bhd.** | | | |
| ENRA Kimia Sdn. Bhd. | 100 | 100 | Trading on gas and chemical related services |
| ENRA Power Systems Sdn. Bhd.@ | 100 | - | Intended business has yet to commence |
| ENRA Oil & Gas Services Sdn. Bhd. | 100 | 100 | Providing warehousing and logistics services for oil and gas contractors |

**6. INVESTMENTS IN SUBSIDIARIES** *(Cont'd)*

(c) The details of the subsidiaries, which are all incorporated in Malaysia except for ENRA Property (UK) Limited, Fitzrovia Developments Limited and Barnes Avenue Limited, which are incorporated in United Kingdom, are as follows: *(Cont'd)*

| Name of company | Effective interest in equity 2018 % | Effective interest in equity 2017 % | Principal activities |
|---|---|---|---|
| **Subsidiaries of ENRA Oil & Gas Services Sdn. Bhd.** | | | |
| ENRA Engineering And Fabrication Sdn. Bhd. | 100 | 75 | Manufacturing, general construction and other related activities |
| ENRA SPM Sdn. Bhd. | 60 | 60 | Leasing and provision of related services |
| ENRA NauticAWT Sdn. Bhd. | 51 | 51 | Intended business has yet to commence |
| ENRA ICON Sdn. Bhd. | 70 | 70 | Intended business has yet to commence |
| **Subsidiaries of ENRA Land Sdn. Bhd.** | | | |
| ENRA Property (UK) Limited # | 100 | 100 | Investment holding |
| Prominent Archway Sdn. Bhd. *[f.k.a. ENRA Management Services Sdn. Bhd.]* | 100 | - | Intended business has yet to commence |
| **Subsidiaries of ENRA Property (UK) Limited** | | | |
| Fitzrovia Developments Limited # | 75 | 75 | Property development and trading |
| Barnes Avenue Limited | - | 100 | Struck off |
| **Subsidiary of ENRA SPM Sdn. Bhd.** | | | |
| ENRA SPM Labuan Limited | 60 | - | Leasing business |

* *Subsidiaries transferred to assets held for sale*
\# *Subsidiaries audited by BDO Member Firms*
@ *Subsidiary is consolidated based on management account provided for the financial year ended 31 March 2018*

## 6. INVESTMENTS IN SUBSIDIARIES *(Cont'd)*

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

| | ENRA Engineering And Fabrication Sdn. Bhd. | ENRA SPM Sdn. Bhd. | Landmark Zone Sdn. Bhd. | Fitzrovia Developments Limited |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **2018** | | | | |
| NCI percentage of ownership interest and voting interest | - | 40% | 30% | 25% |
| Carrying amount of NCI | - | 40 | 13,741 | (123) |
| Profit/(Loss) allocated to NCI | (1,211) | 39 | 489 | (44) |
| Total comprehensive income/(loss) | (1,211) | 39 | 489 | (42) |
| Dividends paid to NCI | - | - | 5,585 | - |
| **2017** | | | | |
| NCI percentage of ownership interest and voting interest | 25% | 40% | 30% | 25% |
| Carrying amount of NCI | (564) | 1 | 18,837 | (83) |
| (Loss)/Profit allocated to NCI | (74) | (37) | 7,637 | 88 |
| Total comprehensive income/(loss) | (74) | (37) | 7,637 | 91 |

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

| | ENRA Engineering And Fabrication Sdn. Bhd. | ENRA SPM Sdn. Bhd. | Landmark Zone Sdn. Bhd. | Fitzrovia Developments Limited |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **2018** | | | | |
| **Assets and liabilities** | | | | |
| Non-current assets | - | 39 | 59 | 117 |
| Current assets | - | 7,159 | 55,104 | 54,388 |
| Non-current liabilities | - | (104) | (21) | - |
| Current liabilities | - | (6,994) | (8,632) | (54,997) |
| Net assets/(liabilities) | - | 100 | 46,510 | (492) |
| **Results** | | | | |
| Revenue | 11,549 | 1,079 | 16,835 | - |
| Profit/(Loss) for the financial year | (7,808) | 97 | 1,631 | (175) |
| Total comprehensive income/(loss) | (7,808) | 97 | 1,631 | (165) |

6. **INVESTMENTS IN SUBSIDIARIES** *(Cont'd)*

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

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

| | **ENRA Engineering And Fabrication Sdn. Bhd.** | **ENRA SPM Sdn. Bhd.** | **Landmark Zone Sdn. Bhd.** | **Fitzrovia Developments Limited** |
|---|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **2018** | | | | |
| **Results** *(Cont'd)* | | | | |
| Cash flows (used in)/from operating activities | - | (4,588) | 1,985 | (7,950) |
| Cash flows from/(used in) investing activities | - | 6,159 | (9,923) | 17,481 |
| Cash flows used in financing activities | - | (39) | (18,630) | (10,734) |
| Net increase/(decrease) in cash and cash equivalents | - | 1,532 | (26,568) | (1,203) |
| **2017** | | | | |
| **Assets and liabilities** | | | | |
| Non-current assets | 439 | - | 1,913 | 79 |
| Current assets | 10,092 | 98 | 136,708 | 47,558 |
| Non-current liabilities | (344) | - | (7) | (5,690) |
| Current liabilities | (12,445) | (95) | (75,823) | (42,278) |
| Net (liabilities)/assets | (2,258) | 3 | 62,791 | (331) |
| **Results** | | | | |
| Revenue | 19,399 | - | 120,177 | - |
| (Loss)/Profit for the financial year | (294) | (97) | 25,458 | 350 |
| Total comprehensive (loss)/income | (294) | (97) | 25,458 | 364 |
| Cash flows from/(used in) operating activities | 145 | (95) | 50,682 | (4,772) |
| Cash flows used in investing activities | (40) | 93 | (337) | (1,732) |
| Cash flows used in financing activities | (215) | 100 | (3,508) | (1,173) |
| Net (decrease)/increase in cash and cash equivalents | (110) | 98 | 46,837 | (7,677) |

# **NOTES TO THE** FINANCIAL STATEMENTS
31 March 2018
cont´d

6. **INVESTMENTS IN SUBSIDIARIES** *(Cont'd)*

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

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

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

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

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows beyond the five years period are as follows:

| | **Company** | |
|---|---|---|
| | **2018** | **2017** |
| Growth rate | 1.0% | 1.0% |
| Pre-tax discount rate | 8.5% | 8.5% |

Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the subsidiaries' recoverable amounts would not cause the subsidiaries' carrying amounts to further exceed their recoverable amounts.

7. **INVESTMENT IN AN ASSOCIATE**

| | **Group** | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Unquoted shares at cost | 15 | 15 |
| Share of post-acquisition reserves | (15) | (15) |
| | - | - |

## 7. INVESTMENT IN AN ASSOCIATE *(Cont'd)*

The summarised financial information of the associate is as follows:

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| **Assets and liabilities** | | |
| Total assets | 430 | 22 |
| Total liabilities | (763) | (286) |
| **Results** | | |
| Revenue | - | - |
| Loss for the financial year | (67) | (313) |

Details of the associate is as follow:

| Name of company | Effective interest in equity | | Principal activities |
|---|---|---|---|
| | 2018 | 2017 | |
| | % | % | |
| Perunding ENRA Sdn. Bhd. | 30 | 30 | Project management and engineering, procurement and construction contracts |

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interests in an equity accounted associate, the carrying amount of that interests including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Group has recognised its share of losses up to the cost of investment and stopped recognising its remaining share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

## 8. INVESTMENT IN A JOINT VENTURE

On 5 June 2017, ENRA Engineering & Construction Sdn. Bhd. ("EEC"), a wholly-owned subsidiary of the Company and Emrail Sdn. Bhd. had entered into a Shareholders Agreement to jointly establish a company to collaborate on providing total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.

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

## 8. INVESTMENT IN A JOINT VENTURE *(Cont'd)*

Details of the joint venture is as follow:

| Name of company | Effective interest in equity 2018 % | 2017 % | Principal activities |
|---|---|---|---|
| ENRA Emrail Sdn. Bhd. | 51% | - | Intended business has yet to commence |

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

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method less any impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted joint venture, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interests in an equity accounted joint venture, the carrying amount of that interests including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

## 9. GOODWILL ON CONSOLIDATION

| | Group 2018 RM'000 | 2017 RM'000 |
|---|---|---|
| At 1 April | 8,505 | - |
| Acquisition of subsidiary | - | 8,505 |
| At 31 March | 8,505 | 8,505 |

On 5 February 2016, EOGS had entered into Share Sale Agreement and Shareholders Agreement in respect of the acquisition of 750,000 ordinary shares in the share capital of Hikmah Oil & Gas Assistance Sdn. Bhd. ("Hikmah"), representing 75% of the total issued and paid up share capital of Hikmah for a consideration of up to RM7,032,000 inclusive of contingent consideration for business acquisition that are subject to the attainment of profit guarantee by the seller.

The acquisition was completed on 12 May 2016 and from that date, Hikmah became a subsidiary of EOGS and accordingly, an indirect subsidiary of the Company. Hikmah on 13 June 2016 changed its name to ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB").

## 9. GOODWILL ON CONSOLIDATION *(Cont'd)*

The fair value of assets acquired and liabilities assumed from the acquisition of EEFAB were as follows:

| | Group 2017 RM'000 |
|---|---|
| **Assets/(Liabilities) acquired:** | |
| Property, plant and equipment (Note 4) | 65 |
| Trade and other receivables | 5,478 |
| Cash and bank balances | 123 |
| Trade and other payables | (7,442) |
| Borrowings | (188) |
| Total identifiable liabilities | (1,964) |
| Goodwill on consolidation | 8,505 |
| Non-controlling interests | 491 |
| Purchase consideration | 7,032 |
| Contingent consideration for business acquisition | (4,092) |
| Purchase consideration satisfied by cash | 2,940 |
| Cash and cash equivalents acquired | (123) |
| Cash outflow on acquisition | 2,817 |

Goodwill arising from this acquisition has been allocated to engineering and fabrication unit within the oil and gas division ("CGU") for annual impairment testing and at other times when such indicators exist. This requires an estimation of the recoverable amount to which goodwill is allocated.

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

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows beyond the five years period are as follows:

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| Growth rate | 1.0% | 1.0% |
| Pre-tax discount rate | 8.5% | 8.5% |

## 9. GOODWILL ON CONSOLIDATION *(Cont'd)*

Sensitivity to changes in assumptions

The management believes that a reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to further exceed its recoverable amount.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill has been allocated to the cash-generating units ("CGU") of the Group. The recoverable amount of a CGU requires management's estimate and and is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period.

## 10. PROPERTY DEVELOPMENT COSTS

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Leasehold land, at cost | | |
| Balance as at 1 April | - | 74,473 |
| Incurred during the financial year | - | 5,932 |
| Balance as at 31 March | - | 80,405 |
| Development costs | | |
| Balance as at 1 April | - | 159,325 |
| Incurred during the financial year | - | 38,259 |
| Balance as at 31 March | - | 197,584 |
| Total land and development costs | - | 277,989 |
| Less: Cumulative costs recognised in the statements of profit or loss and other comprehensive income | | |
| Balance as at 1 April | - | (168,435) |
| Recognised during the financial year | - | (80,388) |
| Balance as at 31 March | - | (248,823) |
| | - | 29,166 |
| Transfer to inventories | - | (29,166) |
| | - | - |

## 10. PROPERTY DEVELOPMENT COSTS *(Cont'd)*

In the previous financial year, included in property development cost were borrowing costs capitalised of RM90,000 at 8.10% per annum.

Property development costs are analysed as follows:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Leasehold land, at cost | - | 80,405 |
| Development costs | - | 197,584 |
| Accumulated costs recognised as an expense to statements profit or loss and other comprehensive income | - | (248,823) |
| Transfer to inventories | - | (29,166) |
| Balance as at 31 March | - | - |

*Leasehold land*

The leasehold land under development is provided by Koperasi Shamelin Berhad, a third party, pursuant to the Joint Venture agreement dated 28 February 2011 for the development of Shamelin Star project. At the end of the reporting period, the Group has accrued an amount of Nil (2017: RM43,005,000) for the purchase consideration of the leasehold land as disclosed in Note 22(b)(i) to the financial statements.

## 11. INVENTORIES

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| **At cost** | | |
| Property held for sale | 51,976 | 44,757 |
| Completed properties | 10,566 | 29,166 |
| Inventories in transit | 1,586 | - |
| Consumables | 20 | 724 |
| Finished goods | 9,446 | 2,584 |
| | 73,594 | 77,231 |

(a) Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost comprises all cost of purchases plus the cost of bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(b) Inventories amounting to RM39,889,000 (2017: RM25,777,000) have been expensed to the statements of profit or loss and other comprehensive income during the financial year.

(c) Included in property held for sale are borrowing costs capitalised during the financial year of RM612,000 (2017: RM1,450,000) at 4.75% per annum.

(d) The property held for sale of the Group is charged to a financial institution for banking facility granted to the Group as set out in Note 26(e)(ii) to the financial statements.

# **NOTES TO THE** FINANCIAL STATEMENTS

31 March 2018
cont'd

## 12. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Trade receivables** | | | | |
| Trade receivables | 19,974 | 30,920 | 2,691 | 1,352 |
| Retention sum | 352 | 352 | - | - |
| Stakeholder sum | 8,154 | 24,405 | - | - |
| Less: Impairment losses | (34) | (34) | (34) | (34) |
| | 28,446 | 55,643 | 2,657 | 1,318 |
| Amounts due from customers on contracts (Note 13) | 5,977 | 8,904 | - | - |
| | 34,423 | 64,547 | 2,657 | 1,318 |
| **Other receivables and deposits** | | | | |
| Amounts due from subsidiaries | - | - | 72,255 | 51,165 |
| Amount due from an associate | 91 | 285 | - | - |
| Other receivables | 5,610 | 10,171 | 81 | - |
| Deposits | 1,864 | 1,576 | 154 | 62 |
| | 7,565 | 12,032 | 72,490 | 51,227 |
| **Loans and receivables** | 41,988 | 76,579 | 75,147 | 52,545 |
| Prepayments | 27,569 | 4,936 | 840 | 214 |
| Progress billings in respect of property development | (16) | (16) | - | - |
| | 27,553 | 4,920 | 840 | 214 |
| | 69,541 | 81,499 | 75,987 | 52,759 |

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company range from 30 to 60 days (2017: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The amounts due from subsidiaries represent advances and payments on behalf, which bears interest at 6.23% (2017: 5.00%) per annum and payable on demand in cash and cash equivalents.

The amount due from an associate represent advances and payments on behalf, which is interest free and payable on demand in cash and cash equivalents.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables.

**12. TRADE AND OTHER RECEIVABLES** *(Cont'd)*

The Group assesses annually at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets than can be reliably estimated.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Ringgit Malaysia | 40,530 | 76,038 | 30,702 | 26,143 |
| US Dollar | 1,253 | 460 | - | - |
| British Pound | 205 | 81 | 44,445 | 26,402 |
| | 41,988 | 76,579 | 75,147 | 52,545 |

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Neither past due nor impaired | 5,566 | 16,978 | 537 | 546 |
| Past due, not impaired | | | | |
| - 61 to 90 days | 1,689 | 14,372 | 433 | 269 |
| - More than 90 days | 21,191 | 24,293 | 1,687 | 503 |
| | 22,880 | 38,665 | 2,120 | 772 |
| Past due and impaired | 34 | 34 | 34 | 34 |
| | 28,480 | 55,677 | 2,691 | 1,352 |

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

# **NOTES TO THE** FINANCIAL STATEMENTS
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cont'd

**12. TRADE AND OTHER RECEIVABLES** *(Cont'd)*

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows: *(Cont'd)*

Receivables that are past due but not impaired

Trade receivables that are past due and not impaired are creditworthy receivables with good payment records with the Company.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables.

The Group assesses annually at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets than can be reliably estimated.

Included in the past due but not impaired of the Group is an amount of RM10,574,663 (2017: RM352,049) being amount due from a customer whom has a long business relationship with the Group. Despite the outstanding amount is currently in the process of an adjudication as disclosed in Note 43(c) to the financial statements, the Directors of the Group opined that it is highly probable of recovering the outstanding amount and will continue to take all necessary action to fully defend the Group's right and interest in this adjudication matter.

Receivables that are past due and impaired

Trade receivables of the Group and of the Company that are past due and impaired at the end of the reporting period are as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **Individually impaired** | | **Individually impaired** | |
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Trade receivables, gross | 34 | 34 | 34 | 34 |
| Less: Impairment losses | (34) | (34) | (34) | (34) |
| | - | - | - | - |

The reconciliations of movement in the impairment losses of trade receivables are as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| At 1 April/31 March | 34 | 34 | 34 | 34 |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

## 12. TRADE AND OTHER RECEIVABLES *(Cont'd)*

(e) Included in the trade receivables are amounts to be set off against with the purchasers of the investment properties of approximately RM3,000,000 as disclosed in Note 44(e) to the financial statements.

(f) Information on financial risks of trade and other receivables is disclosed in Note 42 to the financial statements.

## 13. AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Costs incurred to date | 28,217 | 16,104 |
| Attributable profit | 7,155 | 2,706 |
| | 35,372 | 18,810 |
| Progress billings | (29,395) | (9,906) |
| Amounts due from customers on contracts (Note 12) | 5,977 | 8,904 |

## 14. DERIVATIVE ASSETS

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | **Contract/ Notional amount** | **Fair value of derivatives** | **Contract/ Notional amount** | **Fair value of derivatives** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Group/Company** | | | | |
| **Current** | | | | |
| Forward foreign currency selling contracts | 44,562 | 111 | 11,127 | 73 |

The Company uses forward foreign currency selling contracts to manage some of the foreign currency transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for period consistent with foreign currency transaction exposure and fair value changes exposure. The Company does not apply hedge accounting.

Forward foreign currency selling contracts are used to hedge the Company's advance to a subsidiary denominated in British Pound for which firm commitments existed at the reporting date.

As disclosed in Note 31 to the financial statements, the Group and the Company recognised a gain of RM38,000 (2017: RM73,000) arising from the fair value changes in derivatives. The fair value changes are mark to market of the outstanding foreign exchange forward. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 41(d)(v) to the financial statements.

# **NOTES TO THE** FINANCIAL STATEMENTS
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cont'd

## 15. CASH AND BANK BALANCES AND SHORT TERM FUNDS

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Fixed deposits with licensed banks | 7,026 | 4,951 | 2,799 | 2,749 |
| Cash and bank balances | 19,075 | 15,708 | 7,294 | 2,425 |
| | 26,101 | 20,659 | 10,093 | 5,174 |
| Short term funds | | | | |
| At fair value through profit or loss | | | | |
| - Investment in fixed income trust funds in Malaysia | 20,088 | 43,406 | 17 | - |
| | 46,189 | 64,065 | 10,110 | 5,174 |

(a) Investment in fixed income trust funds in Malaysia represents investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.

(b) Included in the Group's cash and bank balances is an amount of RM4,391,000 (2017: RM7,259,000) held under the Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.

(c) Certain deposits with licensed banks are pledged to licensed banks as security for credit facilities granted to the Group and the Company as set out in Notes 24, 26 and 27 to the financial statements. The fixed deposits of the Group and of the Company bear average interest of 3.19% (2017: 3.16%) and 3.19% (2017: 3.20%) per annum respectively. The fixed deposits of the Group and of the Company have maturity period of one (1) month to forty-eight (48) months (2017: one (1) month to twelve (12) months).

(d) Information on financial risks of cash and bank balances and short term funds is disclosed in Note 42 to the financial statements.

(e) The currency exposure profile of cash and bank balances and short term funds are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Ringgit Malaysia | 43,494 | 61,415 | 10,110 | 5,174 |
| US Dollar | 995 | 412 | - | - |
| British Pound | 1,676 | 2,238 | - | - |
| Singapore Dollar | 24 | - | - | - |
| | 46,189 | 64,065 | 10,110 | 5,174 |

## 15. CASH AND BANK BALANCES AND SHORT TERM FUNDS *(Cont'd)*

(f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Cash and bank balances** | | | | |
| Fixed deposits with licensed banks | 7,026 | 4,951 | 2,799 | 2,749 |
| Cash and bank balances | 19,075 | 15,708 | 7,294 | 2,425 |
| Short term funds | 20,088 | 43,406 | 17 | - |
| **As reported in statements of financial position** | 46,189 | 64,065 | 10,110 | 5,174 |
| Less: | | | | |
| Bank overdrafts (Note 24) | (18,421) | (20,657) | (18,421) | (19,089) |
| Fixed deposits pledged to licensed banks and more than three (3) months maturity | (5,798) | (3,729) | (1,799) | (1,749) |
| **As reported in statements of cash flows** | 21,970 | 39,679 | (10,110) | (15,664) |

## 16. DISPOSAL GROUP HELD FOR SALE

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Group** | | | | |
| At 1 April | 85,156 | - | 7 | - |
| Reclassification of amounts in respect of disposal group | - | 85,156 | - | 7 |
| At 31 March | 85,156 | 85,156 | 7 | 7 |
| **Company** | | | | |
| At 1 April | 85,575 | - | - | - |
| Reclassification of amounts in respect of disposal group | - | 85,575 | - | - |
| At 31 March | 85,575 | 85,575 | - | - |

# **NOTES TO THE** FINANCIAL STATEMENTS
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cont'd

**16. DISPOSAL GROUP HELD FOR SALE** *(Cont'd)*

As at 31 March 2018, the assets and liabilities of the disposal are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Assets classified as held for sale** | | | | |
| Property, plant and equipment (Note 4) | 1,678 | 1,678 | 1,678 | 1,678 |
| Investment properties (Note 5) | 91,324 | 91,324 | 90,575 | 90,575 |
| Amounts due from subsidiaries | - | - | 560 | 560 |
| | 93,002 | 93,002 | 92,813 | 92,813 |
| Less: Impairment losses (Note33(c)) | (7,846) | (7,846) | (7,238) | (7,238) |
| | 85,156 | 85,156 | 85,575 | 85,575 |
| **Liabilities classified as held for sale** | | | | |
| Other payables | (7) | (7) | - | - |

(a) The investment properties and property, plant and equipment of the Group and of the Company under assets classified held for sale are charged to financial institutions for banking facilities granted to the Group and the Company as set out in Notes 24 and 26 to the financial statements.

(b) The impairment losses of the Group and of the Company amounting to RM7,846,000 and RM7,238,000 respectively are as a result of writing down the investment properties and investment assets to fair value less costs to sell.

**17. SHARE CAPITAL**

| | Group and Company | |
|---|---|---|
| | **Number of shares** | **Amount** |
| | **'000** | **RM'000** |
| Issued and fully paid ordinary shares: | | |
| At 31 March 2017/31 March 2018 | 136,208 | 144,744 |

In the previous financial year, with the introduction of the new Companies Act 2016 (the "Act") effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, balances within the share premium account have been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the new Act. Notwithstanding this provision, the Company has elected to utilise its share premium account of RM8,536,000 for purposes stipulated in Section 618(3) of the new Act for a transitional period of 24 months from 31 January 2017.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 18. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

| | Group | |
|---|---|---|
| | Number of shares | Amount |
| | '000 | RM'000 |
| Issued and fully paid redeemable convertible preference shares ("RCPS"): | | |
| At 1 April 2016 | - | - |
| Issued during the year | 800 | 409 |
| At 31 March 2017/31 March 2018 | 800 | 409 |

The carrying amount of the liability component of RCPS at the reporting date is arrived at as follow:

| | Group |
|---|---|
| | RM'000 |
| Face value of RCPS | 1,057 |
| Less: Equity component | (409) |
| Liability component at initial recognition | 648 |
| At 1 April 2016 | - |
| Issued during the year | 648 |
| At 31 March 2017 | 648 |
| Unwinding of discount | 55 |
| At 31 March 2018 | 703 |

On 2 March 2017, ENRA Labuan Sdn. Bhd. ("ELSB"), a wholly-owned direct subsidiary of the Company, had entered into a Subscription Agreement with a third party subscriber for the issuance and subscription of 800,000 Redeemable Convertible Preference Shares Series A ("RCPS-A") at the subscription price of RM10.12 per RCPS-A amounting to RM8,096,000. ELSB shall utilise the said subscription amount solely for the purpose of or in relation to their acquisition of land (that is to be reclaimed) in Labuan.

On 2 March 2017, ELSB had also entered into a Shareholder Agreement with the third party subscriber of the RCPS-A and the Company, being its shareholder to regulate the management of the ELSB, the relationships of each other and certain aspects of the affairs of, and their dealings with ELSB.

# **NOTES TO THE** FINANCIAL STATEMENTS
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cont'd

**18. REDEEMABLE CONVERTIBLE PREFERENCE SHARES** *(Cont'd)*

The salient features of the RCPS-A are as follows:

(i) The RCPS-A has a tenure of 6 years from the issue date and matures on the business day immediately preceding the 6th anniversary of the said issue date;

(ii) The RCPS-A is convertible at any time at the option of the holder in accordance with the terms of the Subscription Agreement. One new ordinary share will be issued as fully paid upon the conversion of one RCPS-A. All outstanding RCPS-A shall be automatically converted upon maturity of the RCPS;

(iii) ELSB shall in accordance with the provisions of the Companies Act 2016 and the terms of the Subscription Agreement redeem all or any of the RCPS-A;

(iv) The RCPS-A carries the right to receive non-cumulative dividends at the same rate as the ordinary shares of ELSB. The RCPS-A ranks in priority to the ordinary share in respect of terms of the right to receive the dividend;

(v) The RCPS-A ranks pari passu inter se in respect of entitlements to dividends, rights, allotment or other distributions should the entitlement date for such dividends, rights, allotments or other distributions be declared after the RCPS-A are issued; and

(vi) The RCPS-A is not to be listed but is transferrable in accordance with the terms of the Shareholder Agreement.

**19. TREASURY SHARES**

The shareholders of the Company, by way of an ordinary resolution passed at the annual general meeting held on 19 September 2007, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The shares of the Company repurchased were held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 in Malaysia.

As at 31 March 2018, the Group held 1,289,400 (2017: 1,289,400) of the Company's treasury shares at a total cost of RM1,199,000 (2017: RM1,199,000).

**20. NON-DISTRIBUTABLE RESERVES**

| | **Group** | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Capital reserve | 275 | 275 |
| Exchange translation reserve | 92 | 72 |
| | 367 | 347 |

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**21. DEFERRED TAXATION**

(a) The deferred taxation are made up of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| At 1 April | 1,828 | (200) | - | (106) |
| Recognised in profit or loss (Note 32) | (1,952) | 2,028 | - | 106 |
| Exchange adjustment | (2) | - | - | - |
| At 31 March | (126) | 1,828 | - | - |
| Presented by: | | | | |
| Deferred tax assets, net | 117 | 1,929 | - | - |
| Deferred tax liabilities, net | (243) | (101) | - | - |
| | (126) | 1,828 | - | - |

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

**Deferred tax assets of the Group**

| | Unutilised tax losses | Provision | Total |
|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** |
| At 1 April 2016 | - | - | - |
| Recognised in profit or loss | 79 | 1,850 | 1,929 |
| At 31 March 2017 | 79 | 1,850 | 1,929 |
| Recognised in profit or loss | 40 | (1,850) | (1,810) |
| Exchange adjustment | (2) | - | (2) |
| At 31 March 2018 | 117 | - | 117 |

**21. DEFERRED TAXATION** *(Cont'd)*

(b) The components and movements of deferred tax assets and liabilities during the financial year are as follows: *(Cont'd)*

**Deferred tax liabilities of the Group**

| | Property, plant and equipment RM'000 | Others RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 April 2016 | (200) | - | (200) |
| Recognised in profit or loss | 99 | - | 99 |
| At 31 March 2017 | (101) | - | (101) |
| Recognised in profit or loss | (111) | (31) | (142) |
| At 31 March 2018 | (212) | (31) | (243) |

**Deferred tax liabilities of the Company**

| | Property, plant and equipment RM'000 |
|---|---|
| At 1 April 2016 | (106) |
| Recognised in profit or loss | 106 |
| At 31 March 2017/31 March 2018 | - |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Unutilised tax losses | 9,541 | 4,731 | 3,427 | - |
| Unabsorbed capital allowances | 5,730 | 6,275 | 77 | 248 |
| Other deductible temporary difference | 404 | (975) | 646 | 398 |
| | 15,675 | 10,030 | 4,150 | 646 |

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

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

## 22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current** | | | | |
| **Other payables** | | | | |
| Other payable | 104 | - | - | - |
| Contingent consideration for business acquisition | - | 1,313 | - | - |
| | 104 | 1,313 | - | - |
| **Current** | | | | |
| **Trade payables** | | | | |
| Third parties | 19,002 | 10,678 | - | - |
| **Other payables** | | | | |
| Other payables | 3,547 | 7,320 | - | 49 |
| Contingent consideration for business acquisition | - | 2,779 | - | - |
| Accruals | 5,408 | 54,546 | 1,444 | 1,450 |
| Deposits and advances received | 11,822 | 2,174 | 10,532 | 1,989 |
| Amount owing to a related party | 4,735 | 4,830 | - | - |
| | 25,512 | 71,649 | 11,976 | 3,488 |
| | 44,514 | 82,327 | 11,976 | 3,488 |

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 60 days (2017: 30 days to 60 days).

(b) Included in accruals in the previous financial year were the following:

(i) commitment in relation to the Joint Venture Agreement entered between Landmark Zone Sdn. Bhd., a wholly owned subsidiary of the Company with a third party for the development of a commercial property development project at Lots 11749 and 11750, Taman Shamelin Perkasa, Kuala Lumpur, amounting to RM43,005,000. This amount has been fully settled during the current financial year; and

(ii) an amount of RM8,275,000 related to property development costs accrued for the Group's property development project.

(c) Amount owing to a related party represents the advances received from non-controlling interest, SIP 93GT Ltd. amounting to RM4,735,000 (2017: RM4,830,000) which are unsecured, non-interest bearing and payable on demand in cash and cash equivalents.

(d) Included in the trade and other payables are amounts to be set off against with the purchasers of the investment properties of approximately RM3,000,000 as disclosed in Note 44(e) to the financial statements.

## 22. TRADE AND OTHER PAYABLES *(Cont'd)*

(e) The currency exposure profile of payables are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Ringgit Malaysia | 30,401 | 83,258 | 11,976 | 3,488 |
| US Dollar | 491 | 207 | - | - |
| British Pound | 4,873 | 175 | - | - |
| Euro | 8,853 | - | - | - |
| | 44,618 | 83,640 | 11,976 | 3,488 |

## 23. BORROWINGS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current liabilities** | | | | | |
| Hire-purchase and lease creditors | 25 | 698 | 918 | 57 | 83 |
| Term loans | 26 | 2,700 | 16,709 | 2,700 | 11,019 |
| | | 3,398 | 17,627 | 2,757 | 11,102 |
| **Current liabilities** | | | | | |
| Bank overdrafts | 24 | 18,421 | 20,657 | 18,421 | 19,089 |
| Hire-purchase and lease creditors | 25 | 219 | 233 | 26 | 46 |
| Term loans | 26 | 14,065 | 19,463 | 8,319 | 8,343 |
| Other borrowings | 27 | 39,759 | 5,222 | 19,700 | - |
| | | 72,464 | 45,575 | 46,466 | 27,478 |
| | | 75,862 | 63,202 | 49,223 | 38,580 |
| **Total borrowings** | | | | | |
| Bank overdrafts | 24 | 18,421 | 20,657 | 18,421 | 19,089 |
| Hire-purchase and lease creditors | 25 | 917 | 1,151 | 83 | 129 |
| Term loans | 26 | 16,765 | 36,172 | 11,019 | 19,362 |
| Other borrowings | 27 | 39,759 | 5,222 | 19,700 | - |
| | | 75,862 | 63,202 | 49,223 | 38,580 |

## 23. BORROWINGS *(Cont'd)*

The currency exposure profile of borrowings are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Ringgit Malaysia | 51,026 | 41,794 | 49,223 | 38,580 |
| US Dollar | 6,199 | - | - | - |
| British Pound | 5,745 | 16,810 | - | - |
| Euro | 12,892 | 4,598 | - | - |
| | 75,862 | 63,202 | 49,223 | 38,580 |

## 24. BANK OVERDRAFTS

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

(a) Loan Agreement cum Deed of Assignment of RM70,000,000 over assets held for sale of the Group and the Company with a carrying amount of RM79,996,000 (2017: RM79,996,000) and RM79,855,000 (2017: RM79,855,000) respectively and a first party first legal charge;

(b) specific debenture of RM70,000,000 by way of a fixed and floating charge over the assets held for sale of the Group and of the Company with a carrying amount of RM79,996,000 (2017: RM79,996,000) and RM79,855,000 (2017: RM79,855,000) respectively, all the borrower's rights, interests and benefits in and under the property including all sales proceeds, rental income, other revenue, claims and any undertaking relating to the property; and

(c) first party pledge of fixed deposits equivalent to one (1) to twelve (12) months' interest servicing on the facility (Note 15).

Information on financial risks of bank overdrafts is disclosed in Note 42 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
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cont´d

## 25. HIRE-PURCHASE AND LEASE CREDITORS

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Minimum hire-purchase and lease payments: | | | | |
| - not later than one (1) year | 267 | 295 | 29 | 52 |
| - later than one (1) year not later than five (5) years | 649 | 917 | 61 | 89 |
| - later than five (5) years | 128 | 128 | - | - |
| Total minimum hire-purchase and lease payments | 1,044 | 1,340 | 90 | 141 |
| Less: Future interest charges | (127) | (189) | (7) | (12) |
| Present value of hire-purchase and lease payments | 917 | 1,151 | 83 | 129 |
| Repayable as follows: | | | | |
| **Current liabilities:** | | | | |
| - not later than one (1) year | 219 | 233 | 26 | 46 |
| **Non-current liabilities:** | | | | |
| - later than one (1) year not later than five (5) years | 577 | 797 | 57 | 83 |
| - later than five (5) years | 121 | 121 | - | - |
| | 698 | 918 | 57 | 83 |
| | 917 | 1,151 | 83 | 129 |

Information on financial risks of hire-purchase and lease creditors is disclosed in Note 42 to the financial statements.

## 26. TERM LOANS

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Term loan I | 5,650 | 10,650 | 5,650 | 10,650 |
| Term loan II | 1,469 | 3,612 | 1,469 | 3,612 |
| Term loan III | 3,900 | 5,100 | 3,900 | 5,100 |
| Term loan IV | 5,746 | 16,810 | - | - |
| | 16,765 | 36,172 | 11,019 | 19,362 |
| Repayable as follows: | | | | |
| **Current liabilities:** | | | | |
| - not later than one (1) year | 14,065 | 19,463 | 8,319 | 8,343 |
| **Non-current liabilities:** | | | | |
| - later than one (1) year and not later than five (5) years | 2,700 | 16,709 | 2,700 | 11,019 |
| | 16,765 | 36,172 | 11,019 | 19,362 |

(a) The repayment term for Term loan I is set out as follows:

| Year | Annual repayment RM'000 |
|---|---|
| 2009 | 1,600 |
| 2010 | 2,000 |
| 2011 | 2,000 |
| 2012 | 5,000 |
| 2013 | 5,000 |
| 2014 | 5,000 |
| 2015 | 5,000 |
| 2016 | 5,000 |
| 2017 | 5,000 |
| 2018 | 3,750 |
| 2019 | 1,900 |

(b) Term loan II is repayable by 28 quarterly instalments of RM535,714 each and a final instalment of RM535,722 commencing from January 2012.

(c) Term loan III is repayable by 20 quarterly instalments of RM300,000 each commencing from July 2016.

(d) Term loan IV is repayable by quarterly instalments of £530,000 (2017: £507,000) each commencing from 9 March 2017.

## 26. TERM LOANS *(Cont'd)*

(e) The term loans are secured by the following:

(i) a charge over the carrying amounts of the Group's and of the Company's assets held for sale amounting to RM85,156,000 (2017: RM85,156,000) and RM85,015,000 (2017: RM85,015,000) respectively, as disclosed in Note 16 to the financial statements;

(ii) a charge over the carrying amount of the Group's property held for sale in London amounting to RM51,976,000 (2017: RM44,757,000) as disclosed in Note 11 to the financial statements; and

(iii) first/third party pledge of fixed deposits equivalent to three (3) months' interest servicing on the facilities (Note 15).

(f) Information on financial risks of term loans and the remaining maturities is disclosed in Note 42 to the financial statements.

## 27. OTHER BORROWINGS

(a) The other borrowings relates to trade and working capital credit facilities of the Group that are secured by:

(i) a corporate guarantee from the Company as disclosed in Note 38 to the financial statements;

(ii) fresh negative pledge; and

(iii) pledge of fixed deposits (Note 15).

(b) Information on financial risks of other borrowings and their remaining maturities is disclosed in Note 42 to the financial statements.

## 28. REVENUE

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| **Continuing operations** | | |
| Property development revenue | 16,835 | 120,178 |
| Sale of goods | 43,210 | 37,284 |
| Contract revenue | 11,732 | 19,378 |
| Services rendered: | | |
| - logistic | 2,358 | 2,409 |
| - energy | 1,151 | 89 |
| | 75,286 | 179,338 |

**28. REVENUE** *(Cont'd)*

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Logistic and energy services income

Logistic and energy services income is recognised upon rendering of services.

(c) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purposes of use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (percentage-of-completion method). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim recognised as contract revenue when it is probable that the customer will approved the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(d) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development cost on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

# **NOTES TO THE** FINANCIAL STATEMENTS
31 March 2018
cont'd

## 29. COST OF SALES

| | Group 2018 RM'000 | Group 2017 RM'000 |
|---|---|---|
| **Continuing operations** | | |
| Completed properties | 13,299 | 80,388 |
| Finished goods | 26,590 | 25,777 |
| Contract cost | 11,470 | 16,467 |
| Services rendered | | |
| - logistic | 1,534 | 1,633 |
| - energy | 1,026 | 100 |
| | 53,919 | 124,365 |

## 30. FINANCE COSTS

| | Group 2018 RM'000 | Group 2017 RM'000 | Company 2018 RM'000 | Company 2017 RM'000 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Interest expense: | | | | |
| - bank overdraft | 17 | 47 | - | - |
| - hire-purchase and lease creditors | 63 | 60 | 5 | 6 |
| - term loans | 612 | 1,360 | - | - |
| - other borrowings | 213 | 179 | - | - |
| Unwinding of discount (RCPS) | 55 | - | - | - |
| Others - facility fees | 294 | 274 | 394 | - |
| | 1,254 | 1,920 | 399 | 6 |
| Less: Interest capitalised | (612) | (1,450) | - | - |
| | 642 | 470 | 399 | 6 |

## 31. (LOSS)/PROFIT BEFORE TAX

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Continuing operations** | | | | | |
| **(Loss)/Profit before tax is arrived at after charging:** | | | | | |
| Auditors' remuneration | | | | | |
| Statutory audit | | | | | |
| - BDO Malaysia | | 111 | 109 | 52 | 50 |
| - other BDO member firm | | 74 | 66 | - | - |
| Other services | | | | | |
| - BDO Malaysia | | 45 | 21 | 42 | 22 |
| - other BDO member firm | | 147 | - | - | - |
| Bad debts written off | | - | 20 | - | - |
| Depreciation of property, plant and equipment | | 1,278 | 857 | 244 | 237 |
| Directors' remuneration paid and payable to the Directors | | | | | |
| - fees | 39(c) | 427 | 400 | 427 | 400 |
| - salaries and other emoluments | 39(c) | 2,806 | 2,660 | 2,806 | 2,660 |
| Finance costs | 30 | 642 | 470 | 399 | 6 |
| Loss on disposal of a subsidiary | | 1 | - | - | - |
| Realised loss on foreign exchange | | - | 329 | - | - |
| Rental of: | | | | | |
| - premises | | 593 | 1,147 | - | - |
| - equipment | | 209 | 13 | 162 | - |
| Unrealised loss on foreign exchange | | 705 | 410 | 612 | 365 |
| **And crediting:** | | | | | |
| Derecognition of contingent consideration for business acquisition | | 4,092 | - | - | - |
| Fair value gain on derivatives | 14 | 38 | 73 | 38 | 73 |
| Gain on disposal of a subsidiary | | - | 286 | - | - |
| Gain on disposal of property, plant and equipment | | 132 | - | 2 | - |
| Interest income received from: | | | | | |
| - fixed deposits with licensed banks | | 1,384 | 672 | 100 | 76 |
| - short term funds | | 205 | 201 | 40 | - |
| - subsidiaries | | - | - | 2,485 | 1,326 |
| Realised gain on foreign exchange | | 1,269 | - | 1,269 | 106 |
| Rental income | | - | 16 | - | - |

# **NOTES TO THE** FINANCIAL STATEMENTS

31 March 2018

cont'd

## 32. TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Continuing operations** | | | | |
| Current tax expense based on profit for the financial year | | | | |
| - Current year | 1,932 | 10,872 | - | - |
| - (Over)/Under provision in prior years | (1,740) | 35 | - | - |
| | 192 | 10,907 | - | - |
| Deferred tax (Note 21) | | | | |
| - Relating to origination and reversal of temporary differences | 259 | (1,929) | - | - |
| - Under provision in prior year | 1,693 | 11 | - | - |
| | 1,952 | (1,918) | - | - |
| Total tax expense from continuing operations | 2,144 | 8,989 | - | - |
| **Discontinued operations** | | | | |
| Income tax | | | | |
| - Current year | - | - | - | - |
| - Over provision in prior years | (71) | (39) | (71) | (39) |
| | (71) | (39) | (71) | (39) |
| Deferred tax (Note 21) | | | | |
| - Relating to origination and reversal of temporary differences | - | (127) | - | (123) |
| - Underprovision in prior years | - | 17 | - | 17 |
| | - | (110) | - | (106) |
| Total tax income from discontinued operations | (71) | (149) | (71) | (145) |

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other tax authorities are calculated at the rates prevailing in those respective jurisdictions.

## 32. TAX EXPENSE *(Cont'd)*

(c) The numerical reconciliations between the tax expense and the product of accounting (loss)/profit multiplied by applicable tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| **Continuing operations** | | | | |
| (Loss)/Profit before tax | (781) | 28,521 | 7,297 | (5,574) |
| Tax at Malaysian statutory tax rate of 24% (2017: 24%) | (187) | 6,845 | 1,751 | (1,338) |
| Difference in tax rate | 13 | 12 | - | - |
| Non-allowable expenses | 1,593 | 2,673 | 1,813 | 1,940 |
| Non-taxable income | (583) | (1,059) | (4,405) | (757) |
| Effects of share of results in an associate | - | 4 | - | - |
| Deferred tax assets not recognised | 1,355 | 468 | 841 | 155 |
| | 2,191 | 8,943 | - | - |
| (Over)/Under provision in prior years: | | | | |
| - income tax | (1,740) | 35 | - | - |
| - deferred tax | 1,693 | 11 | - | - |
| | 2,144 | 8,989 | - | - |

## 33. DISCONTINUED OPERATIONS

(a) On 15 May 2017, the Company had entered into six (6) agreements to dispose of the Group's property, plant and equipment, investment properties and the entire equity interests in Nautical Gold Sdn. Bhd. ("NGSB"), Evergreen Sprint Sdn. Bhd. ("ESSB") and Essential Vista Sdn. Bhd. ("EVSB") for a total cash consideration of RM85,149,000. The decision to dispose these investment properties and investment assets was caused by low net rental income and rental yields and the disposal will provide an avenue for the Group to realise substantial cash proceeds which is intended to be utilised for repayment of bank borrowings associated with these investment properties, defrayment of expenses relating to the disposal, investment in new businesses, project and acquisition, and to fund the working capital.

(b) An analysis of the results of the discontinued operations are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Revenue | 9,523 | 9,628 | 9,622 | 9,760 |
| Cost of sales | (3,621) | (3,618) | (3,621) | (3,618) |
| Gross profit | 5,902 | 6,010 | 6,001 | 6,142 |
| Other income | 56 | 57 | 56 | 57 |
| Expenses | (141) | (87,500) | (132) | (87,092) |
| Finance costs | (2,527) | (2,727) | (2,527) | (2,727) |
| Profit/(Loss) before tax | 3,290 | (84,160) | 3,398 | (83,620) |
| Taxation | (71) | 149 | (71) | 145 |
| Profit/(Loss) for the financial year | 3,219 | (84,011) | 3,327 | (83,475) |

**33. DISCONTINUED OPERATIONS** *(Cont'd)*

(c) The following amounts have been included in arriving at profit/(loss) before tax of the discontinued operations:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Profit/(Loss) before tax is arrived at after charging:** | | | | | |
| Auditors' remuneration | | 3 | 3 | - | - |
| Depreciation of property, plant and equipment | | 34 | 251 | 34 | 251 |
| Fair value adjustments on investment properties | 5 | - | 79,076 | - | 79,288 |
| Impairment loss on disposal group | 16 | - | 7,846 | - | 7,238 |
| Interest expenses | | 2,527 | 2,727 | 2,527 | 2,727 |
| **And crediting:** | | | | | |
| Interest income received from: | | | | | |
| - fixed deposits with licensed banks | | 50 | 51 | 50 | 51 |

(d) The cash flows attributable to the discontinued operations are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Inflow/(Outflow)** | | | | |
| Operating activities | 5,801 | 5,478 | 5,909 | 5,623 |
| Investing activities | 50 | 51 | 50 | 51 |
| Financing activities | (2,527) | (2,728) | (2,527) | (2,728) |

(e) Disposal group held for sale and discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative period.

## 34. EARNINGS PER ORDINARY SHARE

(a) Basic

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

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| (Loss)/Profit from continuing operations attributable to equity holders of the Company | (2,198) | 11,930 |
| Profit/(Loss) from discontinued operations attributable to equity holders of the Company | 3,219 | (84,011) |
| Profit/(Loss) attributable to equity holders of the Company | 1,021 | (72,081) |
| Weighted average number of ordinary shares in issue after deducting the treasury shares ('000) | 134,919 | 134,919 |
| Basic earnings per ordinary share for: | | |
| (Loss)/Profit from continuing operations | (1.63) | 8.84 |
| Profit/(Loss) from discontinued operations | 2.39 | (62.23) |
| Profit/(Loss) for the financial year | 0.76 | (53.39) |

(b) Diluted

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares outstanding as at 31 March 2018 and 31 March 2017.

## 35. DIVIDENDS

| | Company 2017 | |
|---|---|---|
| | **Gross dividend per share** | **Amount of dividends** |
| | **sen** | **RM'000** |
| **In respect of financial year ended 31 March 2016:** | | |
| Interim dividend declared | 3 | 4,048 |
| Special interim dividend declared | 5 | 6,746 |
| | 8 | 10,794 |

No dividend has been paid during the financial year.

On 30 May 2018, the Board of Directors declared a first interim tax exempt dividend of 4.5 sen per share in respect of financial year ended 31 March 2018 amounting to RM6,071,000.

The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 March 2018.

## 36. EMPLOYEE BENEFITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Salaries, wages, bonus and allowances | 14,710 | 13,800 | 7,781 | 7,133 |
| Defined contribution plan | 1,527 | 1,394 | 784 | 623 |
| Other employee benefits | 939 | 797 | 507 | 325 |
| | 17,176 | 15,991 | 9,072 | 8,081 |

## 37. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The Group has entered into commercial leases of office, warehouse and equipment. The Group has aggregate future minimum lease commitments as at the end of reporting period as follow:

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Not later than one (1) year | 1,087 | 458 |
| Later than one (1) year and not later than five (5) years | 840 | 178 |
| | 1,927 | 636 |

(b) Capital commitments

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| **Authorised and contracted for** | | |
| Purchase of land | 6,813 | 6,813 |
| Property held for sale under development | - | 2,048 |
| **Approved but not contracted for** | | |
| Purchase of property, plant and equipment | 8,890 | - |

## 38. CONTINGENT LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Unsecured** | | | | |
| Corporate guarantees given by the Company for credit facilities granted to the subsidiary | 29,993 | 50,995 | 29,993 | 50,995 |
| **Secured** | | | | |
| Bank guarantee given to customer in respect of contract in a subsidiary | 2,317 | - | - | - |
| Bank guarantee given to suppliers in respect of goods supplied to a subsidiary | 1,872 | 5,493 | - | - |
| | 4,189 | 5,493 | - | - |

The Directors are of the opinion that the fair value of the corporate guarantees is negligible as the possibility of any outflow in settlement arising from the default of credit facilities is remote.

## 39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 6 to the financial statements;

(ii) Key management personnel, which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and

(iii) Company in which a Director is also a Director of the Company.

**39. RELATED PARTY DISCLOSURES** *(Cont'd)*

(b) Significant related party transactions and balances

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| **Subsidiaries:** | | |
| Interest income | 2,485 | 1,326 |
| Dividend income | 15,033 | - |
| Rental income | 99 | 132 |
| Interest expense | (295) | - |
| Management fees | 2,876 | 3,207 |

The related party transactions described above were carried out on terms and conditions mutually agreed with the respective parties.

Balances of the above related parties are disclosed in Notes 12 and 22 to the financial statements.

(c) Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

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

| | Group/Company | |
|---|---|---|
| | **2018** | **2017** |
| | **RM'000** | **RM'000** |
| Fees | 427 | 400 |
| Salaries | 1,872 | 1,620 |
| Other emoluments | 934 | 1,040 |
| | 3,233 | 3,060 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Salaries, bonus and allowance | 3,840 | 3,237 | 2,662 | 2,199 |
| Defined contribution plan | 422 | 361 | 309 | 253 |
| | 4,262 | 3,598 | 2,971 | 2,452 |

## 40. OPERATING SEGMENTS

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten per cent (10%) or more of the combined revenue, internal and external, of all operating segments.
(b) The absolute amount of its reported profit or loss is ten per cent (10%) or more of the greater, in absolute amount of:
    (i) The combined reported profit of all operating segments that did not report a loss; and
    (ii) The combined reported loss of all operating segments that reported a loss.
(c) Its assets are ten per cent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75%) percent of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude current tax assets, deferred tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude current tax liabilities and deferred tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segments assets and liabilities to the Group position.

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

The investment properties segment was reclassified as discontinued operations as disclosed in Note 33 to the financial statements following the management's commitment to dispose the Group's investment properties and the entire equity interests in NGSB, ESSB and EVSB in the financial year ending 31 March 2019.

## 40. OPERATING SEGMENTS *(Cont'd)*

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature and services and specific expertise requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a) Investment properties

Rental and car park collections at the investment properties

(b) Property development

Joint venture property development

(c) Energy services

Trading and logistic services, general construction, engineering and fabrication

(d) Investment holdings and others

Investment holdings and management services activities

| | Investment properties RM'000 | Property development RM'000 | Energy services RM'000 | Investment holdings and others RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2018** | | | | | |
| Revenue | | | | | |
| Total revenue | 9,622 | 16,836 | 58,450 | - | 84,908 |
| Inter-segment revenue | (99) | - | - | - | (99) |
| Discontinued operations (Note 33) | (9,523) | - | - | - | (9,523) |
| **Revenue from external customers** | - | 16,836 | 58,450 | - | 75,286 |
| Interest income | - | 1,413 | 36 | 140 | 1,589 |
| Finance costs | - | (7) | (531) | (104) | (642) |
| Net finance income/(expense) | - | 1,406 | (495) | 36 | 947 |
| Depreciation of property, plant and equipment | - | 24 | 847 | 401 | 1,272 |
| **Segment profit/(loss) before tax** | - | 1,920 | 9,481 | (12,182) | (781) |
| **Segment assets** | 85,156 | 105,807 | 81,950 | 14,714 | 287,627 |
| **Segment liabilities** | 7 | 19,354 | 40,610 | 61,219 | 121,190 |
| **Other information:** | | | | | |
| Additions to non-current assets other than financial instruments | - | 20 | 2,148 | 6 | 2,174 |

**40. OPERATING SEGMENTS** *(Cont'd)*

| | Investment properties RM'000 | Property development RM'000 | Energy services RM'000 | Investment holdings and others RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| Revenue | | | | | |
| Total revenue | 9,760 | 120,178 | 59,160 | - | 189,098 |
| Inter-segment revenue | (132) | - | - | - | (132) |
| Discontinued operations (Note 33) | (9,628) | - | - | - | (9,628) |
| **Revenue from external customers** | - | 120,178 | 59,160 | - | 179,338 |
| Interest income | - | 735 | 62 | 76 | 873 |
| Finance costs | - | (2) | (462) | (6) | (470) |
| Net finance income/(expense) | - | 733 | (400) | 70 | 403 |
| Depreciation of property, plant and equipment | - | 22 | 466 | 369 | 857 |
| **Segment profit/(loss) before tax** | - | 33,298 | 5,728 | (10,505) | 28,521 |
| **Segment assets** | 85,156 | 183,427 | 43,280 | 8,382 | 320,245 |
| **Segment liabilities** | 7 | 82,942 | 22,443 | 42,105 | 147,497 |
| **Other information:** | | | | | |
| Bad debts written off | - | - | 20 | - | 20 |
| Additions to non-current assets other than financial instruments | - | 5 | 1,265 | 900 | 2,170 |

## 40. OPERATING SEGMENTS *(Cont'd)*

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

| | 2018<br>RM'000 | 2017<br>RM'000 |
|---|---|---|
| **Assets** | | |
| Total assets for reportable segments | 287,627 | 320,245 |
| Current tax assets | 469 | 1,286 |
| Deferred tax assets | 117 | 1,929 |
| Assets of the Group | 288,213 | 323,460 |
| **Liabilities** | | |
| Total liabilities for reportable segments | 121,190 | 147,497 |
| Current tax liabilities | 1,044 | 4,857 |
| Deferred tax liabilities | 243 | 101 |
| Liabilities of the Group | 122,477 | 152,455 |

**Geographical information**

The Group predominantly operates in Malaysia save for a part of its property development business that operates in the United Kingdom under ENRA Property (UK) Limited's Group as follows:

| | 2018<br>RM'000 | 2017<br>RM'000 |
|---|---|---|
| Segment assets | 55,206 | 47,789 |

**Major customers**

Other than a single customer who contributed about 31% (2017: nil) to the revenue of the Group, there is no other customer who contributed significantly to the revenue of the Group.

## 41. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group and the Company is to ensure that the entities of the Group and the Company would be able to continue as going concerns while maximising the returns to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group and the Company remains unchanged from that in the financial year ended 31 March 2017.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. In order to maintain or adjust the capital structure, the Group and the Company may from time to time adjust the dividend payout to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2018.

The Group and the Company is not subject to any externally imposed capital requirements.

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(a) Capital management *(Cont'd)*

The Group and the Company monitors capital using a gearing ratio, which is total external borrowings and divided by total equity. The policy of the Group and the Company is to keep the gearing ratio within manageable levels. At the end of the reporting period, the Group's and the Company's gearing ratio is 0.46 times (2017: 0.37 times) and 0.39 times (2017: 0.34 times) respectively.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 March 2018.

(b) Types of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(i) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(b) Types of financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

(b) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, bank overdrafts and fixed deposits with banks and other short term, highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(b) Types of financial instruments *(Cont'd)*

(ii) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(b) Types of financial instruments *(Cont'd)*

(ii) Financial liabilities *(Cont'd)*

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(iii) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

(iv) Redeemable convertible preference shares

The redeemable convertible preference shares are regarded as compound instruments, consisting of a liability component and an equity component. The component of convertible redeemable preference shares that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. On issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other payables.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholders' equity, net of transaction costs. The dividends on these shares is recognised in equity in the period in which they are declared.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(c) Categories of financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Financial assets** | | | | |
| ***Loans and receivables*** | | | | |
| Trade and other receivables, net of prepayments and accrued billings in respect of property development | 41,988 | 76,579 | 75,147 | 57,545 |
| Cash and bank balances | 26,101 | 20,659 | 10,093 | 5,174 |
| ***Fair value through profit or loss*** | | | | |
| Short term funds | 20,088 | 43,406 | 17 | - |
| Forward foreign currency selling contracts | 111 | 73 | 111 | 73 |
| | 88,288 | 140,717 | 85,368 | 62,792 |
| **Financial liabilities** | | | | |
| ***Other financial liabilities*** | | | | |
| Borrowings | 75,862 | 63,202 | 49,223 | 38,580 |
| Trade and other payables | 44,618 | 83,640 | 11,976 | 3,488 |
| RCPS liability | 703 | 648 | - | - |
| | 121,183 | 147,490 | 61,199 | 42,068 |

(d) Determination of fair value

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Hire-purchase and lease creditors and other borrowings

The fair values of these financial instruments are estimated future contractual cash flows at current market rate for similar financial instruments and of the same remaining maturities at the end of the reporting period.

# **NOTES TO THE** FINANCIAL STATEMENTS

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cont'd

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(d) Determination of fair value *(Cont'd)*

Methods and assumptions used to estimate fair value *(Cont'd)*

The fair values of financial assets and financial liabilities are determined as follows: *(Cont'd)*

(iii) Contingent consideration for business acquisition

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

At the end of the reporting period, these amounts are carried at amortised costs and the carrying amounts approximate to their fair values.

(iv) Short term funds

The fair values of short term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

(v) Forward foreign currency selling contracts

Forward foreign currency selling contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculation. The model incorporates various inputs including foreign exchange spot and forward rates.

(e) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The significant unobservable input used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

| **Financial instruments** | **Valuation technique used** | **Significant unobservable inputs** | **Inter-relationship between key unobservable inputs and fair value** |
|---|---|---|---|
| Financial liabilities | | | |
| Contingent consideration for business acquisition | Discounted cash flows method | Discount rate (5.8%) | The higher the discount rate, the lower the fair value of the liabilities would be. |

**41. FINANCIAL INSTRUMENTS** *(Cont'd)*

(e) Fair value hierarchy *(Cont'd)*

The following table set out the fair value of financial instruments that are not carried at fair value on the statements of financial position:

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Total fair value RM'000 | Carrying amount RM'000 |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| **Other financial liabilities** | | | | | | |
| - Hire-purchase and lease creditors | - | 777 | - | 777 | 777 | 917 |
| | - | 777 | - | 777 | 777 | 917 |
| **Company** | | | | | | |
| **Financial liabilities** | | | | | | |
| **Other financial liabilities** | | | | | | |
| - Hire-purchase and lease creditors | - | 76 | - | 76 | 76 | 83 |
| **2017** | | | | | | |
| **Group** | | | | | | |
| **Financial liabilities** | | | | | | |
| **Other financial liabilities** | | | | | | |
| - Hire-purchase and lease creditors | - | 955 | - | 955 | 955 | 1,151 |
| | - | 955 | - | 955 | 955 | 1,151 |
| **Company** | | | | | | |
| **Financial liabilities** | | | | | | |
| **Other financial liabilities** | | | | | | |
| - Hire-purchase and lease creditors | - | 115 | - | 115 | 115 | 129 |

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, interest rate risk, liquidity and cash flow risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The credit period is generally for a period of 30 days to 60 days. The exposure to credit risk is monitored on an ongoing basis.

There are no specific considerations of credit risk other than as disclosed in Note 12 to the financial statements and the maximum exposures to credit risk of the Group are represented by the carrying amounts of the financial assets in the statements of financial position.

As at the end of the reporting period, other than the amounts owing by the subsidiaries amounting to RM72,255,000 (2017: RM51,165,000), which represent 95.00% (2017: 96.98%) of trade and other receivables of the Company, there is no significant concentration of credit risk of the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12 to the financial statements.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 to the financial statements. Fixed deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 12 to the financial statements.

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks, short term funds, borrowings and amounts due from subsidiaries. The Group borrows at both, fixed and floating rates of interest to generate the desired interest profile and to manage the exposure of the Group and of the Company to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 10 basis points with all other variables held constant:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | Profit/(Loss) after tax | Profit/(Loss) after tax | Profit/(Loss) after tax | Profit/(Loss) after tax |
| Increase by 0.1% (2017: 0.1%) | 37 | 11 | (20) | (15) |
| Decrease by 0.1% (2017: 0.1%) | (37) | (11) | 20 | 15 |

# **NOTES TO THE** FINANCIAL STATEMENTS
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cont'd

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

(ii) Interest rate risk *(Cont'd)*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

| | Note | Weighted average effective interest rate % | Within 1 year RM'000 | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **At 31 March 2018** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Fixed deposits with licensed banks and short term funds | 15 | 2.07 | 27,114 | - | - | - | - | - | 27,114 |
| Hire-purchase and lease creditors | 25 | 6.29 | 219 | 227 | 206 | 94 | 50 | 121 | 917 |
| Other borrowings | 27 | 2.55 | 39,759 | - | - | - | - | - | 39,759 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 24 | 8.50 | 18,421 | - | - | - | - | - | 18,421 |
| Term loans | 26 | 5.41 | 14,065 | 1,200 | 1,200 | 300 | - | - | 16,765 |
| **At 31 March 2017** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Fixed deposits with licensed banks and short term funds | 15 | 3.16 | 48,357 | - | - | - | - | - | 48,357 |
| Hire-purchase and lease creditors | 25 | 6.05 | 233 | 220 | 227 | 206 | 94 | 171 | 1,151 |
| Other borrowings | 27 | 0.53 | 5,222 | - | - | - | - | - | 5,222 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 24 | 8.39 | 20,657 | - | - | - | - | - | 20,657 |
| Term loans | 26 | 5.45 | 19,463 | 14,009 | 1,200 | 1,200 | 300 | - | 36,172 |

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

(ii) Interest rate risk *(Cont'd)*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: *(Cont'd)*

| | Note | Weighted average effective interest rate % | Within 1 year RM'000 | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | | |
| **At 31 March 2018** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Fixed deposits with licensed banks and short term funds | 15 | 3.19 | 2,816 | - | - | - | - | - | 2,816 |
| Amounts due from subsidiaries | 12 | 6.23 | 72,255 | - | - | - | - | - | 72,255 |
| Hire-purchase and lease creditors | 25 | 5.43 | 25 | 27 | 28 | 3 | - | - | 83 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 24 | 8.50 | 18,421 | - | - | - | - | - | 18,421 |
| Term loans | 26 | 6.10 | 8,319 | 1,200 | 1,200 | 300 | - | - | 11,019 |
| Other borrowings | 27 | 4.56 | 19,700 | - | - | - | - | - | 19,700 |
| **At 31 March 2017** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Fixed deposit with a licensed bank | 15 | 3.27 | 2,749 | - | - | - | - | - | 2,749 |
| Amounts due from subsidiaries | 12 | 5.00 | 56,165 | - | - | - | - | - | 56,165 |
| Hire-purchase and lease creditors | 25 | 4.71 | 46 | 26 | 27 | 28 | 2 | - | 129 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 24 | 8.45 | 19,089 | - | - | - | - | - | 19,089 |
| Term loans | 26 | 6.04 | 8,343 | 8,319 | 1,200 | 1,200 | 300 | - | 19,362 |

# **NOTES TO THE** FINANCIAL STATEMENTS
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cont'd

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

(iii) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group actively manages its operating cash flow to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2018** | | | | |
| **Group** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 44,514 | 104 | - | 44,618 |
| Borrowings | 72,512 | 3,398 | 128 | 76,038 |
| Total undiscounted financial liabilities | 117,026 | 3,502 | 128 | 120,656 |
| **Company** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 11,976 | - | - | 11,976 |
| Borrowings | 46,469 | 2,809 | - | 49,278 |
| Total undiscounted financial liabilities | 58,445 | 2,809 | - | 61,254 |
| **2017** | | | | |
| **Group** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 82,488 | 1,470 | - | 83,958 |
| Borrowings | 45,637 | 18,349 | 128 | 64,114 |
| Total undiscounted financial liabilities | 128,125 | 19,819 | 128 | 148,072 |
| **Company** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 3,488 | - | - | 3,488 |
| Borrowings | 27,483 | 11,729 | - | 39,212 |
| Total undiscounted financial liabilities | 30,971 | 11,729 | - | 42,700 |

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

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is subject to foreign exchange fluctuations through the import and export of finished goods. The Group also has cash and bank balances, receivables, payables and borrowings denominated in foreign currencies. At the end of reporting period, the Group holds bank balance denominated in foreign currencies as disclosed in Note 15(e) to the financial statements.

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the US Dollar, British Pound, Euro and Singapore Dollar exchange rates against the Ringgit Malaysia ("RM") respectively, with all variables held constant 3% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| **Profit/(Loss) after tax** | | | | | |
| US Dollar/RM | - strengthen by 3% (2017: 3%) | (110) | 15 | - | - |
| | - weaken by 3% (2017: 3%) | 110 | (15) | - | - |
| British Pound/RM | - strengthen by 3% (2017: 3%) | (199) | (334) | 1,013 | 602 |
| | - weaken by 3% (2017: 3%) | 199 | 334 | (1,013) | (602) |
| Euro/RM | - strengthen by 3% (2017: 3%) | (496) | (105) | - | - |
| | - weaken by 3% (2017: 3%) | 496 | 105 | - | - |
| Singapore Dollar/RM | - strengthen by 3% (2017: 3%) | 1 | - | - | - |
| | - weaken by 3% (2017: 3%) | (1) | - | - | - |

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 15 May 2017, the Company had entered into six (6) agreements to dispose of the Group's investment properties and investment assets ("Proposed Disposal"), namely:

(i) A conditional sale and purchase agreement between the Company and Atar Irama Sdn. Bhd. for the proposed disposal of 40 Retail units and 16 office units located in Holiday Plaza, in Johor Bahru for a cash consideration of RM51,855,000;

(ii) A conditional sale and purchase agreement between the Company and Solid Hope Sdn. Bhd. for the proposed disposal of a basement car park located in Holiday Plaza, in Johor Bahru for a cash consideration of RM28,000,000;

(iii) A conditional sale and purchase agreement between the Company and Simfoni Cindai Sdn. Bhd. for the proposed disposal of six (6) office units located at Shamelin Business Centre, in Kuala Lumpur for a cash consideration of RM5,160,000; and

(iv) Three (3) conditional share sale agreements between the Company and Atar Irama Sdn. Bhd. for the respective proposed disposal of the entire equity interests in the following wholly owned subsidiaries of the Company:

(i) NGSB for a cash consideration of RM38,000;

(ii) ESSB for a cash consideration of RM46,000; and

(iii) EVSB for a cash consideration of RM50,000

On 14 September 2017, the parties irrevocably and unconditionally agreed to extend the cut-off date to fulfil the respective conditions precedent set out in the respective agreements to 15 December 2017 ("Extended Cut-Off Date") or such other period as may be mutually agreed in writing between the parties.

On 12 December 2017, the parties agreed to further extend the cut-off date to fulfil the respective conditions precedent set out in the respective agreements from 15 December 2017 to 28 February 2018 ("Second Extended Cut-Off Date") or such other period as may be mutually agreed in writing between the parties.

On 9 February 2018, the respective conditions precedent set out in the respective agreements were fulfilled.

On 14 May 2018, the parties mutually agreed to extend the completion date for items 1 (i), (ii) and (iv) to 8 July 2018. The parties also mutually agreed to vary the completion period for item 1 (iii) to 51 days from the date of receipt by Simfoni Cindai Sdn. Bhd's solicitors of the requisite original strata titles to the six (6) office units located at Shamelin Business Centre and valid documents relating to the discharge of charges.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in third quarter of calendar year 2018.

(b) On 10 July 2017, ESPM has accepted a Letter of Award from PC Myanmar (Hong Kong) Limited ("PCML"), a subsidiary of PETRONAS, for the lease of a single point mooring system and storage tanker ("Facilities") to PCML, through an open tender process. The Facilities will provide condensate storing and offloading services for the Yetagun offshore gas field operated by PCML in the Andaman Sea off the coast of Myanmar.

The award is for a 4-year primary period with a total value of approximately USD48 million. The leasing period commences on 26 April 2018 when the Facilities being commissioned and delivered to PCML.

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

(c) On 29 March 2018, ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB"), a wholly-owned indirect subsidiary of the Company, had served a payment claim under Section 5 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Gemula Sdn. Bhd. ("Gemula") for a total amount of RM10,574,663 ("CIPAA Payment Claim"). Gemula had, via its solicitors, responded with a payment response dated 30 March 2018 disputing the CIPAA Payment Claim by EEFAB.

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

(a) Letter of Award dated 15 January 2016 ("LOA 1") whereby Gemula appointed EEFAB to undertake the 'Struktur Besi' works for the Project; and

(b) Letter of Award dated 9 May 2016 ("LOA 2") whereby Gemula appointed EEFAB to undertake the scope described as "membekal bahan binaan dan menyiapkan segala kerja berbaki" for the Project.

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

On 16 April 2018, EEFAB served a Notice of Adjudication to Gemula in accordance with Sections 7 and 8 of CIPAA to refer the CIPAA Payment Claim to adjudication.

Pursuant to the Notice of Adjudication, EEFAB is seeking the following reliefs and/or remedies from Gemula:-

(a) Payment by Gemula of the total sum of approximately RM10.22 million due to EEFAB;
(b) Interests;
(c) Costs; and
(d) Any other further reliefs that the Learned Adjudicator deems fits and proper.

On 11 June 2018, EEFAB served an Adjudication Claim to Gemula in accordance with Section 9 of CIPAA.

Gemula is given until 29 June 2018 to revert with its response to EEFAB's Adjudication Claim, after which EEFAB has five (5) working days to serve a written reply to Gemula solicitors. The Adjudicator will then revert with his decision within forty-five (45) working days from the date of EEFAB's written reply.

## 44. SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 8 March 2017, ENRA Labuan Sdn. Bhd. ("ELSB") had entered into a conditional Sale and Purchase Agreement ("SPA") with Perbadanan Labuan ("Vendor") in respect of the proposed purchase of leasehold land (yet to be reclaimed from the shore lines) measuring approximately 24.28 hectares (approximately 60 acres or 242,811 square metres) ("Parcel 1") with a call option to purchase additional leasehold land (yet to be reclaimed from the shore lines) measuring approximately 56.66 hectares (approximately 140 acres or 566,589 square metres) ("Parcel 2"), held under title particulars Pajakan Negeri No. Hakmilik 11169, Lot 30648, Daerah Wilayah Persekutuan Labuan, Negeri Wilayah Persekutuan Labuan measuring approximately 80.94 hectares (approximately 200 acres or 809,400 square metres) located at the waterfront industrial zone of Kampung Rancha-Rancha, Wilayah Persekutuan Labuan ("Land").

The purchase price for Parcel 1 is RM7,570,000 ("Parcel 1 Acquisition") satisfied in cash in the following manner:

(i) RM252,000 has been paid prior to the execution of the SPA;

(ii) RM227,000 equal to 3% of the purchase price shall be paid to the Vendor's solicitors as stakeholder upon execution of the SPA as retention sum to deal with in accordance with the provisions of the SPA and the Real Property Gains Tax Act 1976;

(iii) RM278,000 shall be paid to the Vendor's solicitors as stakeholders upon execution of the SPA to deal with in accordance with the provisions of the SPA; and

(iv) RM6,813,000 equal to 90% of the purchase price shall be paid to the Vendor's solicitors as stakeholders within 4 months from the date all conditions precedent have been fulfilled or waived, as the case may be, to deal with in accordance with the provisions of the SPA.

The SPA is conditional upon the following conditions precedent being fulfilled within 9 months after the date of the SPA i.e. by 8 December 2017 or such later date as may be mutually agreed by the parties:

(i) The approval of the Land Registry for the sub-division of the Land and the separate issue documents of water title to Parcel 1 and Parcel 2 having been obtained and received respectively by the Vendor;

(ii) Any consents and/or approvals required from any appropriate authority for the sale and/or transfer of Parcel 1 to ELSB including the approval from the Jawatankuasa Kerja Tanah Wilayah Persekutuan Labuan for the said transfer having been obtained by the Vendor;

(iii) The Vendor having complied with all conditions imposed by any appropriate authority in granting any consents and/or approvals for the sale and/or transfer of Parcel 1 to ELSB;

(iv) Completion of all due diligences as required by ELSB including but not limited to financial, legal, tax, environmental, technical and business and land due diligences and ELSB being satisfied with the results of such due diligences; and

(v) The approval if any, and as required from the shareholder of ELSB for the purchase of Parcel 1 having been obtained.

**44. SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD** *(Cont'd)*

(a) The irrevocable call option for Parcel 2 given to ELSB is exercisable at any time over a period of 36 months (with an automatic extension of 24 months subject to 6 months prior written notice being given) commencing from the completion of ELSB's acquisition of Parcel 1 pursuant to the SPA. The purchase price for Parcel 2 shall be the market value of Parcel 2 at the time the call option is exercised by ELSB (as determined by Jabatan Penilaian dan Perkhidmatan Harta, Wilayah Persekutuan Labuan) plus a premium of 20% of such market value.

On 13 April 2018, the Vendor informed ELSB that the following have been obtained:

(i) separate issue documents of title to Parcel 1 and Parcel 2 subsequent to the approval of the Land Registry for the subdivision of the Land; and

(ii) consent from the Jawatankuasa Kerja Tanah Wilayah Persekutuan Labuan for the transfer of Parcel 1 to ELSB.

In view of the above, all conditions precedent as set out in the SPA have been fulfilled and the SPA has become unconditional. Barring any unforeseen circumstances, the Parcel 1 Acquisition is expected to be completed by the end of the third quarter of the calendar year 2018.

(b) On 14 May 2018, the Company had entered into a Share Sale Agreement to dispose its entire shareholding of 5,600,000 ordinary shares representing 70% equity interest in Landmark Zone Sdn. Bhd. ("LZSB") to Mr. Law Wai Cheong, a Director of LZSB, for a cash consideration of RM5,600,000 ("Disposal"). LZSB ceased to be a subsidiary of the Company following the completion of the Disposal on 15 May 2018.

(c) On 31 May 2018, ENRA Oil & Gas Services Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, has disposed all its shares held in ENRA Engineering And Fabrication Sdn. Bhd. ("EEFAB") comprising 10,000,000 ordinary shares to ENRA Engineering & Construction Sdn. Bhd. ("EEC"), a wholly-owned direct subsidiary of the Company, for a cash consideration of RM16,000,000 ("Reorganisation").

As a result of the Reorganisation, EEFAB has become a wholly-owned direct subsidiary of EEC and remains a wholly-owned indirect subsidiary of the Company. The Reorganisation was carried out to realign the Group structure to place all subsidiaries involved in engineering activities under EEC for organisational clarity.

(d) On 4 June 2018, ENRA Kimia (Australia) Pty. Ltd. was incorporated with an issued and paid-up share capital of AUD100 made up of 100 ordinary shares of AUD1 each which are all held by ENRA Kimia Sdn. Bhd., a wholly-owned indirect subsidiary of the Company. The intended principal activity of ENRA Kimia (Australia) Pty Ltd is investment holding.

(e) On 12 June 2018, the Company has identified certain assets and liabilities associated with the Proposed Disposal as disclosed in Note 43(a) to be transferred to the purchasers of approximately RM3,000,000 and RM3,000,000 respectively.

(f) On 13 June 2018, ENRA Kimia (Australia) Pty. Ltd. entered into a Share Sale Agreement to acquire 10,000 ordinary shares representing 100% equity interests in International Chemicals Engineering Pty. Ltd., in the proportion of 70% from Mr. Christopher Johs Ulrik and 30% from Mr. Kenneth Inglis Lardner, for a cash consideration of up to AUD2,900,000 or approximately RM8,700,000 and the assumption of AUD1,600,000 or approximately RM4,700,000 of existing shareholders' loans in ICE. The aggregate of these amount to AUD4,500,000 or approximately RM13,500,000.

# **NOTES TO THE** FINANCIAL STATEMENTS

31 March 2018
cont'd

## 45. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs

### 45.1 New FRSs adopted during the financial year

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

| Title | Effective Date |
|---|---|
| Amendments to FRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses* | 1 January 2017 |
| Amendments to FRS 107 *Disclosure Initiative* | 1 January 2017 |
| Amendments to FRS 12 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle* | 1 January 2017 |

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

### 45.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

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

| Title | Effective Date |
|---|---|
| FRS 9 Financial Instruments *(IFRS as issued by IASB in July 2014)* | 1 January 2018 |
| Amendments to FRS 2 *Classification and Measurement of Share-based Payment Transactions* | 1 January 2018 |
| Amendments to FRS 1 *Annual Improvements to FRS Standards 2014 - 2016 Cycle* | See FRS 1 Paragraphs 39AD and 39ADAA |
| Amendments to FRS 128 *Annual Improvements to FRS Standards 2014 - 2016 Cycle* | See FRS 128 Paragraphs 45E and 45EAA |
| Amendments to FRS 140 *Transfers of Investment Property* | See FRS 140 Paragraphs 85G and 85GAA |
| IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* | See IC Interpretation 22 Paragraphs A1 and A1AA |
| Amendments to FRS 4 *Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts* | See FRS 4 Paragraphs 46, 47AA and 48 |
| IC Interpretation 23 *Uncertainty over Income Tax Treatments* | See IC Interpretation 23 Paragraphs B1 and B1AA |
| Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred |

The above Standards shall be superseded upon adoption of the MFRS Framework on 1 April 2018.

## 45. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs *(Cont'd)*

### 45.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework shall be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018. The Group fall within the scope definition of Transitioning Entities and the Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 April 2018.

In adopting the new MFRS Framework, the Group and the Company would be required to apply the specific transition requirements in MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. In addition to the adoption of the new MFRS Framework, the following new MFRSs and amendments to the MFRSs are effective for annual periods beginning on or after 1 January 2018:

| Title | Effective Date |
|---|---|
| Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle* | 1 January 2018 |
| MFRS 15 *Revenue from Contracts with Customers* | 1 January 2018 |
| Clarification to MFRS 15 | 1 January 2018 |
| MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)* | 1 January 2018 |
| Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions* | 1 January 2018 |
| Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle* | 1 January 2018 |
| IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* | 1 January 2018 |
| Amendments to MFRS 140 *Transfers of Investment Property* | 1 January 2018 |
| Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts | See MFRS 4 Paragraphs 46 and 48 |
| MFRS 16 *Leases* | 1 January 2019 |
| IC Interpretation 23 *Uncertainty over Income Tax Treatments* | 1 January 2019 |
| Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures* | 1 January 2019 |
| Amendments to MFRS 9 *Prepayment Features with Negative Compensation* | 1 January 2019 |
| Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle* | 1 January 2019 |
| Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle* | 1 January 2019 |
| Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle* | 1 January 2019 |
| Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle* | 1 January 2019 |

## 45. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs *(Cont'd)*

### 45.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 *(Cont'd)*

In adopting the new MFRS Framework, the Group and the Company would be required to apply the specific transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and amendments to the MFRSs are effective for annual periods beginning on or after 1 January 2018: *(Cont'd)*

| Title | Effective Date |
|---|---|
| *Amendments to* MFRS 119 *Plan Amendment, Curtailment or Settlement* | 1 January 2019 |
| *Amendments to References to the Conceptual Framework in MFRS Standards* | 1 January 2020 |
| MFRS 17 *Insurance Contracts* | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred |

The Group and the Company does not expect the adoption of the above Standards to have a significant impact on the financial statements, except for MFRS 9, MFRS 15 and MFRS 16.

The Group and the Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.

# **PROPERTIES** OWNED BY ENRA GROUP

| Location / Address | Built-Up Area (Sq. Ft.) | Existing Use / Description of Property | Tenure | Approximate age of building | Carrying Amount as at 31.03.2018 (RM'000) |
|---|---|---|---|---|---|
| Units held under Strata Title Nos. M1-1-2, M1-1-3, M1-1-44, M1-1-46 to M1-1-50, M1-1-83 M1-1-91, M1-1-148, M1-2-149, M1-2-156, M1-2-157, M1-2-176, M1-2-177, M1-2-212, M1-2-221,M1-3-298, M1-3-304 to M1-3-307, M1-3-311, M1-3-312, M1-3-322 to M1-3-325, M1-3-331, M1-3-332, M1-3-344, M1-3-356, M1-3-357, M1-3-363, M1-3-366, M1-3-370, M1-3-389, M1-3-414, M1-3-417, M1-4-423, M1-4-425, M1-4-426 located at Podium Block, Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru. | 140,975 | Retail space | Freehold | 34 years | 79,855 |
| All Suites in Tower Block held under Strata Title Nos. M1-5-427 to M1-20-442 Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru. | 122,507 | Office space | Freehold | 33 years | |
| 613 units of car park bays held under Strata Title No.M1-B1-1 located at basement of Holiday Plaza, Jalan Dato Sulaiman, Century Garden, 80250 Johor Bahru. | 182,157 | Car parks | Freehold | 34 years | |
| Units held under Strata Title Nos. M1-1-2, M1-2-6, M1-3-10, M1-4-14, M1-5-18 and M1-6-22 in a 6-storey office building known as Shamelin Business Centre located along Jalan 4/91 Taman Shamelin Perkasa, Cheras, 56100 Kuala Lumpur | 18,912 | Office space | Leasehold expiring on 11.09.2082 | 13 years | 5,160 |
| Units held under Title Number: NGL748650 in a 5-storey Grade II listed building known as 93 Great Titchfield Street, W1W 6RP London, United Kingdom | 6,272 | Redevelopment to residential units | Freehold | 212 years | 51,976 |

# ANALYSIS OF SHAREHOLDINGS
as at 29 June 2018

Issued Share Capital : 136,207,943 Ordinary Shares
Voting Rights : 1 Vote per Ordinary Share

## SHAREHOLDINGS DISTRIBUTION

| Size of Shareholdings | No. of Shareholders | %* | No. of Shares | %* |
|---|---|---|---|---|
| Less than 100 shares | 286 | 14.25 | 7,025 | 0.01 |
| 100 to 1,000 shares | 1,220 | 60.79 | 815,742 | 0.61 |
| 1,001 to 10,000 shares | 400 | 19.93 | 1,307,904 | 0.97 |
| 10,001 to 100,000 shares | 57 | 2.84 | 1,882,187 | 1.39 |
| 100,001 to less than 5% of issued shares | 39 | 1.94 | 69,229,185 | 51.31 |
| 5% and above of issued shares | 5 | 0.25 | 61,676,500 | 45.71 |
| **Total** | **2,007** | **100.00** | **134,918,543** | **100.00** |

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

## THIRTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | No. of Shares | %* |
|---|---|---|---|
| 1. | AFFIN Hwang Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Trillion Icon Sdn. Bhd.* | 23,000,000 | 17.05 |
| 2. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Mizreen Capital SDn. Bhd. (MBB HK-417261)* | 14,400,000 | 10.67 |
| 3. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB for Accentvest Sdn. Bhd. (PB)* | 9,000,000 | 6.67 |
| 4. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB for Amira Properties Sdn. Bhd. (PB)* | 8,500,000 | 6.30 |
| 5. | Kumpulan Wang Persaraan (DiPerbadankan) | 6,776,500 | 5.02 |
| 6. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB for Kamaluddin bin Abdullah (PB)* | 6,500,000 | 4.82 |
| 7. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB for Paling Terbilang Sdn. Bhd. (PB)* | 6,000,000 | 4.45 |
| 8. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Kamaluddin bin Abdullah* | 5,000,000 | 3.71 |
| 9. | Lembaga Tabung Haji | 5,000,000 | 3.71 |
| 10. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB Bank for Intelek Kuasa Sdn. Bhd. (PB)* | 4,600,000 | 3.41 |
| 11. | AmBank (M) Berhad<br>*Pledged securities account for Ali bin Abdul Kadir (SMART)* | 4,000,000 | 2.96 |

# **ANALYSIS OF** SHAREHOLDINGS
as at 29 June 2018
cont'd

**THIRTY LARGEST SHAREHOLDERS** *(Cont'd)*

| No. | Name of Shareholders | No. of Shares | %* |
|---|---|---|---|
| 12. | M & A Nominee (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Mizreen Capital Sdn. Bhd. (M&A)* | 4,000,000 | 2.96 |
| 13. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB Bank for Siva Kumar A/L M Jeyapalan (PBCL-0G0015)* | 3,280,200 | 2.43 |
| 14. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)* | 3,000,000 | 2.22 |
| 15. | M & A Nominee (Asing) Sdn. Bhd.<br>*INSAS Credit & Leasing Sdn. Bhd. for New Lake Investments Limited* | 3,000,000 | 2.22 |
| 16. | Maybank Investment Bank Berhad<br>*Exempt AN CLR (IB) for Maybank Kim Eng Securities Pte. Ltd.* | 3,000,000 | 2.22 |
| 17. | RHB Nominees (Tempatan) Sdn. Bhd.<br>*TS Law Group Sdn. Bhd.* | 2,863,885 | 2.12 |
| 18. | M & A Nominee (Asing) Sdn. Bhd.<br>*INSAS Credit & Leasing Sdn. Bhd. for Novel Pioneer Global Limited* | 2,000,000 | 1.48 |
| 19. | Sharifah Salwa binti Syed Kamaruddin | 2,000,000 | 1.48 |
| 20. | Alliancegroup Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Tan Kian Aik (8058967)* | 1,350,000 | 1.00 |
| 21. | HSBC Nominees (Asing) Sdn. Bhd.<br>*Exempt AN for Credit Suisse (SG BR-TST-Asing)* | 1,274,700 | 0.94 |
| 22. | RHB Nominees (Asing) Sdn. Bhd.<br>*Exempt AN for RHB Securities Singapore Pte. Ltd. (A/C Clients)* | 1,270,000 | 0.94 |
| 23. | Anuar bin Ahmad | 1,000,000 | 0.74 |
| 24. | CIMSEC Nominees (Tempatan) Sdn. Bhd.<br>*CIMB for Wee Yiaw Hin @ Ong Yiaw Hin* | 1,000,000 | 0.74 |
| 25. | M & A Nominee (Asing) Sdn. Bhd.<br>*INSAS Credit & Leasing Sdn. Bhd. for USG Services Limited* | 1,000,000 | 0.74 |
| 26. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Azmil Khalili bin Khalid* | 1,000,000 | 0.74 |
| 27. | Yeoh Soo Ann | 1,000,000 | 0.74 |
| 28. | Kenanga Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Yau Kok Seng (001)* | 970,000 | 0.72 |
| 29. | Khoo Chang Chiang | 664,700 | 0.49 |
| 30. | Maybank Nominees (Tempatan) Sdn. Bhd.<br>*Pledged securities account for Khoo Bee Lian* | 650,000 | 0.48 |
| | **Total** | **127,099,985** | **94.20** |

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

# ANALYSIS OF SHAREHOLDINGS
as at 29 June 2018
cont'd

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| | | No. of Shares Held | | | |
|---|---|---|---|---|---|
| No. | Name of Substantial Shareholders | Direct Interest | %* | Indirect Interest | %* |
| 1. | Tan Sri Dato' Kamaluddin bin Abdullah | 11,507,629 | 8.53 | 42,100,000 [a] | 31.20 |
| 2 | Dato' Azrene binti Abdullah | - | - | 53,607,629 [b] | 39.73 |
| 3. | Dato' Mazlin bin Md Junid | - | - | 27,400,000 [c] | 20.31 |
| 4. | Izreen Natalia binti Mazlin | - | - | 27,400,000 [c] | 20.31 |
| 5. | Ikhmal Mirza bin Mazlin | - | - | 27,400,000 [c] | 20.31 |
| 6. | Trillion Icon Sdn. Bhd. | 23,000,000 | 17.05 | - | - |
| 7. | Mizreen Capital Sdn. Bhd. | 18,400,000 | 13.64 | - | - |
| 8. | Accentvest Sdn. Bhd. | 9,000,000 | 6.67 | - | - |
| 9. | Amira Properties Sdn. Bhd. | 8,500,000 | 6.30 | - | - |

## DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS

| | | No. of Shares Held | | | |
|---|---|---|---|---|---|
| No. | Name of Directors | Direct Interest | %* | Indirect Interest | %* |
| 1. | Datuk Ali bin Abdul Kadir | 4,000,000 | 2.96 | - | - |
| 2. | Tan Sri Dato' Kamaluddin bin Abdullah | 11,507,629 | 8.53 | 42,100,000 [a] | 31.20 |
| 3. | Dato' Mazlin bin Md Junid | - | - | 27,400,000 [c] | 20.31 |
| 4. | Kok Kong Chin | 3,000,000 | 2.22 | - | - |
| 5. | Tan Sri Dato' Seri Shamsul Azhar bin Abbas | - | - | 2,000,000 [d] | 1.48 |
| 6. | Datuk Anuar bin Ahmad | 1,000,000 | 0.74 | - | - |
| 7. | Dato' Wee Yiaw Hin | 1,000,000 | 0.74 | - | - |
| 8. | Loh Chen Yook | - | - | - | - |

***Notes:***

[a] *Indirect interest held through Trillion Icon Sdn. Bhd., Amira Properties Sdn. Bhd., Paling Terbilang Sdn. Bhd. and Intelek Kuasa Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act")*

[b] *Indirect interest held through (a) her spouse, Tan Sri Dato' Kamaluddin bin Abdullah's direct interest in the Company, (b) Trillion Icon Sdn. Bhd and Amira Properties Sdn. Bhd. in which she and her spouse, are entitled to exercise not less than 20% of the voting shares and (c) her spouse's indirect interests held through Paling Terbilang Sdn. Bhd. and Intelek Kuasa Sdn. Bhd. pursuant to Section 8(4) of the Act.*

[c] *Indirect interest held through Mizreen Capital Sdn. Bhd. and Accentvest Sdn. Bhd. pursuant to Section 8(4) of the Act.*

[d] *Indirect interest held through his spouse, Puan Sri Sharifah Salwa binti Syed Kamaruddin's direct interest in the Company pursuant to Section 59(11)(c) of the Act.*

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

# **NOTICE OF** ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth (26th) Annual General Meeting of ENRA Group Berhad ("Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 September 2018 at 10:00 a.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note 1 of the Explanatory Notes)*

2. To re-elect Datuk Ali bin Abdul Kadir who retires in accordance with Article 76 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 1)*

3. To re-elect Loh Chen Yook who retires in accordance with Article 76 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 2)*

4. To re-elect Kok Kong Chin who retires in accordance with Article 76 of the Constitution (Articles of Association) of the Company. *(Ordinary Resolution 3)*

5. To approve an amount of up to RM440,000 as fees and an amount of up to RM200,000 as benefits payable to the Non-Executive Directors for the period commencing from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in the year 2019. *(Ordinary Resolution 4)*

6. To re-appoint Messrs. BDO as Auditors of the Company for the financial year ending 31 March 2019 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

**AS SPECIAL BUSINESS**

To consider and if thought fit, pass the following as Ordinary Resolutions:

7. **Proposed renewal of authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "THAT subject always to the Companies Act 2016, the Constitution (Articles of Association) of the Company and approval of governmental and/or regulatory authorities (if any), the Directors of the Company be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company at any time and from time to time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." *(Ordinary Resolution 6)*

8. **Proposed renewal of authority for the purchase by the Company of its own shares ("Proposed Share Buy-Back Authority")**

"THAT subject always to the Companies Act 2016, the provisions of the Constitution (Memorandum and Articles of Association) of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

(a) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of the purchase(s) and if the Company ceases to hold all or part of such shares purchased as a result of, amongst others, cancellation, re-sale and/or distribution of the shares purchased, the Company may further purchase such additional shares provided that the total number of additional shares purchased together with such shares still held/retained as treasury shares (if any) does not, in aggregate, exceed ten per centum (10%) of the total number of issued shares of the Company at the time of the purchase(s); and

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

THAT the Directors of the Company be and are hereby authorised, at their absolute discretion, to deal with the shares so purchased by retaining the shares purchased as treasury shares or cancelling the shares or retaining part of the shares so purchased as treasury shares and cancelling the remainder or such other manner as allowed under the Companies Act 2016.

THAT the authority conferred by this resolution shall commence upon the passing of this ordinary resolution and continue to be in force until:-

(i) the conclusion of the next Annual General Meeting at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT authority be and is hereby given to the Directors of the Company to do all acts and things as are necessary to give full effect to the purchase by the Company of its own shares with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may deem fit and expedient in the interests of the Company or as may be imposed by the relevant authorities." *(Ordinary Resolution 7)*

9. To transact any other business of which due notice shall have been given.

By Order of the Board

CHEONG LISA
(MAICSA 7009457)
Company Secretary
Kuala Lumpur
30 July 2018

**NOTES:**

**PROXY:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 September 2018 (General Meeting Record of Depositors) shall be eligible to attend and vote at this Twenty-Sixth (26th) Annual General Meeting ("AGM") or appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.

2. Where a member is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.

5. The Form of Proxy must be completed, signed and deposited with the Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the meeting or adjourned meeting.

**EXPLANATORY NOTES ON ORDINARY BUSINESS:**

1. **Audited Financial Statements**

   Agenda item no. 1 is meant for discussion only pursuant to Section 340(1)(a) of the Companies Act, 2016 and will not be put forward for voting.

2. **Remuneration of Non-Executive Directors ("NEDs")**

   (a) At the 25th AGM of the Company held on 13 September 2017, the shareholders had approved the following payment of fees and benefits to the NEDs:

   - Directors' fees of up to RM620,000 for the period from 1 April 2017 until the conclusion of the AGM in 2018; and
   - benefits of up to RM180,000 for the period from 31 January 2017 until the conclusion of the AGM in 2018.

   Total amount utilised in respect of the NEDs' fees as at 31 March 2018 was RM427,000. An amount of about RM179,000 is expected to be utilised for the remaining period from 1 April 2018 until the AGM in September 2018, resulting in a total estimated utilisation of about 98% of the approved amount.

   As for the benefits which comprise only the meeting allowances for attendance of Board and Board Committee meetings, total amount utilised at 31 March 2018 was RM80,000. Based on the meetings scheduled for the remaining period from 1 April 2018 until the conclusion of this 26th AGM, about RM60,000 is expected to be utilised, resulting in an estimated total utilisation of 98% of the approved amount.

# **NOTICE OF** ANNUAL GENERAL MEETING
cont'd

(b) Ordinary Resolution No. 4 is to seek shareholders' approval for the fees and benefits payable to the NEDs for the period commencing from the conclusion of this AGM until the conclusion of the next AGM in the calendar year 2019.

The amounts proposed are computed based on the approved remuneration policy for NEDs, anticipated number of meetings and assumption that all NEDs will remain in office until the 27th AGM with full attendance at the relevant meetings. The amounts also include contingency sum to cater for the appointment of additional Director and/or additional unscheduled meetings. The fees and meeting allowances will be paid to the Directors upon completion of service by the NEDs on a quarterly basis. Please refer to the Corporate Governance Overview Statement for details of the approved remuneration policy for NEDs.

Any NEDs who are shareholders will abstain from voting on Ordinary Resolution No. 4 at the 26th AGM.

3. **Re-appointment of Auditors**

The Audit and Risk Management Committee ("ARMC") was satisfied that, based on the annual assessment conducted, Messrs BDO met the criteria as prescribed under Paragraph 15.21 of the Main Market Listing Requirements. The Board at its meeting held on 27 June 2018 agreed with the recommendation from the ARMC for shareholders' approval to be sought at the 26th AGM on the re-appointment of Messrs BDO as external auditors of the Company for the financial year ending 31 March 2019.

4. **Authority to allot shares**

The Company had, at its 25th AGM held on 13 September 2017, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016. As at the date of this notice, the Company has not issued any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 6 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016. The mandate, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as they consider would be in the interest of the Company, including for repayment of bank borrowings, general working capital and raising funds for investments and/or acquisitions. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time.

5. **Proposed Share Buy-Back Authority**

The proposed Ordinary Resolution 7, if passed, would empower the Directors of the Company to purchase such number of ordinary shares in the Company from time to time on the market of Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.

This authority, unless revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, will expire at the conclusion of the 27th AGM of the Company or the expiration of the period within which the 27th AGM is required by law to be held, whichever occurs first.

Further information on the Proposed Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 30 July 2018 which is despatched together with the Annual Report of the Company for the financial year ended 31 March 2018.

**PERSONAL DATA POLICY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# STATEMENT ACCOMPANYING
## NOTICE OF 26TH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27 (2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1) The Directors retiring and seeking re-election pursuant to Article 76 of the Company's Constitution (Articles of Association) at the 26th Annual General Meeting ("AGM") are:

   i. Datuk Ali bin Abdul Kadir;
   ii. Loh Chen Yook; and
   iii. Kok Kong Chin.

   Profile of the above Directors are set out on pages 7 to 14 of this Annual Report. The details of the Directors' shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on pages 136 to 138 of this Annual Report.

2) Details of the proposed renewal of the general mandate for the Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 in accordance with Paragraph 6.03 (3) of Bursa Malaysia Securities Berhad Main Market Listing Requirements are set out in the Explanatory Notes on Special Business of the Notice of the 26th AGM on page 142 of this Annual Report.

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ENRA®

ENRA Group Berhad (236800-T)

# FORM OF PROXY

| | |
|---|---|
| CDS Account No. | |
| No. of Shares Held | |

I/We ______________________ NRIC No./Passport No./Company No. ______________________

of ____________________________________________

being a member/members of **ENRA GROUP BERHAD**, hereby appoint ______________________

NRIC No./Passport No.: ______________ of ______________________

______________________________________________ or failing whom,

______________________ NRIC No./Passport No. ______________________ of

______________________________________________ or failing whom,

the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth (26th) Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 September 2018 at 10:00 a.m. and at any adjournment thereof in the manner as indicated below:

| ORDINARY RESOLUTIONS | | FOR | AGAINST |
|---|---|---|---|
| 1 | To re-elect Datuk Ali bin Abdul Kadir as Director of the Company. | | |
| 2 | To re-elect Loh Chen Yook as Director of the Company. | | |
| 3 | To re-elect Kok Kong Chin as Director of the Company. | | |
| 4 | To approve an amount of up to RM440,000 as fees and an amount of up to RM200,000 as benefits payable to the Non-Executive Directors. | | |
| 5 | To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 6 | To approve authority for Directors to issue shares. | | |
| 7 | To approve proposed renewal of authority for the purchase by the Company of its own shares. | | |

*(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)*

Signed this __________ day of ______________ 2018

______________________________

Signature of Member/Common Seal

| For appointment of two (2) proxies, proportion of shareholdings to be represented by the two (2) proxies is as follows: - | | |
|---|---|---|
| | No. of Shares | Percentage |
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | 100% |

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 4 September 2018 (General Meeting Record of Depositors) shall be eligible to attend and vote at this Twenty-Sixth (26th) Annual General Meeting ("AGM") or appoint a proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company.
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AFFIX
STAMP

**Bina Management (M) Sdn. Bhd.**
The Share Registrar of ENRA Group Berhad
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

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**ENRA GROUP BERHAD** (236800-T)

D2-U3-10, Block D2, Solaris Dutamas,
No.1 Jalan Dutamas 1, 50480 Kuala Lumpur

**T**: +603-2300 3555 **F**: +603-2300 3550 **E**: info@enra.my

www.enra.my