

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2023

THE FIGURES HAVE NOT BEEN AUDITED

I. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/04/2023 RM'000	Preceding year corresponding quarter 30/04/2022 RM'000	Three months to 30/04/2023 RM'000	Three months to 30/04/2022 RM'000
Revenue	951,726	886,081	951,726	886,081
Other operating income	9,367	7,232	9,367	7,232
Operating expenses	(847,212)	(819,546)	(847,212)	(819,546)
Operating profit	113,881	73,767	113,881	73,767
Depreciation and amortisation	(95,019)	(108,900)	(95,019)	(108,900)
Finance income	4,270	2,985	4,270	2,985
Finance costs	(185,083)	(125,389)	(185,083)	(125,389)
Net foreign exchange gain	217,618	175,908	217,618	175,908
Share of profit from associates and joint ventures	117,805	78,431	117,805	78,431
Profit before taxation	173,472	96,802	173,472	96,802
Taxation	(29,580)	(9,410)	(29,580)	(9,410)
Profit after taxation	143,892	87,392	143,892	87,392
Attributable to:				
Owners of the Parent	146,086	91,934	146,086	91,934
Non-controlling interests	(2,194)	(4,542)	(2,194)	(4,542)
	143,892	87,392	143,892	87,392
Earnings per share (sen)				
- Basic	0.91	0.58	0.91	0.58
- Diluted	0.94	0.58	0.94	0.58

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2023

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II. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	30/04/2023	30/04/2022	30/04/2023	30/04/2022
	RM'000	RM'000	RM'000	RM'000
Profit after taxation	143,892	87,392	143,892	87,392
Other comprehensive (loss)/income:				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation differences	(801,924)	(176,755)	(801,924)	(176,755)
Share of other comprehensive income/(loss) of associates and joint ventures:				
- Foreign currency translation differences	210,696	177,069	210,696	177,069
- Net changes in cash flow hedge	-	(12,985)	-	(12,985)
Total comprehensive (loss)/income	<u>(447,336)</u>	<u>74,721</u>	<u>(447,336)</u>	<u>74,721</u>
Attributable to:				
Owners of the Parent	(444,334)	73,721	(444,334)	73,721
Non-controlling interests	(3,002)	1,000	(3,002)	1,000
Total comprehensive (loss)/income	<u>(447,336)</u>	<u>74,721</u>	<u>(447,336)</u>	<u>74,721</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2023

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III. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at end of current financial period 30/04/2023 RM'000	AUDITED As at end of preceding financial year 31/01/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,253,105	5,079,520
Intangible assets	258,768	246,068
Investment in associates	1,828,080	1,694,204
Investment in joint ventures	2,648,100	2,444,014
Deferred tax assets	113,110	106,727
Trade and other receivables	227,635	227,361
Deferred expenditure	66,154	84,070
	<u>10,394,952</u>	<u>9,881,964</u>
Current assets		
Inventories	397,499	386,193
Trade and other receivables	865,780	782,985
Deferred expenditure	41,133	22,111
Contract assets	230,098	687,586
Tax recoverable	74,377	92,421
Cash, deposits and bank balances	840,186	850,125
	<u>2,449,073</u>	<u>2,821,421</u>
TOTAL ASSETS	<u>12,844,025</u>	<u>12,703,385</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company/ (Deficit in shareholders' funds)		
Share capital	10,872,078	10,872,078
Islamic redeemable convertible preference shares ("RCPS-i")	982,713	982,713
Warrants reserve	109,110	109,110
Other reserves	1,379,864	1,970,284
Accumulated losses	(16,667,189)	(16,813,275)
	<u>(3,323,424)</u>	<u>(2,879,090)</u>
Non-controlling interests	<u>(29,634)</u>	<u>(26,632)</u>
Shareholders' deficit	<u>(3,353,058)</u>	<u>(2,905,722)</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2023

THE FIGURES HAVE NOT BEEN AUDITED

III. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

	UNAUDITED As at end of current financial period 30/04/2023 RM'000	AUDITED As at end of preceding financial year 31/01/2023 RM'000
Non-current liabilities		
Trade and other payables	8,888	11,808
Contract liabilities	51,618	51,694
Lease liabilities	22,243	22,935
Deferred tax liabilities	40,985	38,287
	<u>123,734</u>	<u>124,724</u>
Current liabilities		
Borrowings	10,768,843	10,615,934
Trade and other payables	4,314,382	3,716,758
Contract liabilities	316,675	558,602
Lease liabilities	18,540	18,720
Provisions	482,732	426,549
Provision for tax	172,177	147,820
	<u>16,073,349</u>	<u>15,484,383</u>
TOTAL LIABILITIES	<u>16,197,083</u>	<u>15,609,107</u>
TOTAL EQUITY AND LIABILITIES	<u>12,844,025</u>	<u>12,703,385</u>
Net liabilities per share (RM)	<u>(0.21)</u>	<u>(0.18)</u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2023

THE FIGURES HAVE NOT BEEN AUDITED

IV. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent						Non-controlling interests	(Shareholders' deficit)/ total equity	
	Non-distributable					Distributable			
	Share capital	RCPS-i	Shares held under trust	Warrants reserve	Other reserves	Accumulated losses			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Three months to 30 April 2023 (Unaudited)									
At 1 February 2023	10,872,078	982,713	-	109,110	1,970,284	(16,813,275)	(2,879,090)	(26,632)	(2,905,722)
Total comprehensive (loss)/income	-	-	-	-	(590,420)	146,086	(444,334)	(3,002)	(447,336)
At 30 April 2023	10,872,078	982,713	-	109,110	1,379,864	(16,667,189)	(3,323,424)	(29,634)	(3,353,058)
Three months to 30 April 2022 (Unaudited)									
At 1 February 2022	10,872,078	982,713	(11,587)	109,110	1,791,355	(13,658,696)	84,973	(6,987)	77,986
Total comprehensive (loss)/income	-	-	-	-	(18,213)	91,934	73,721	1,000	74,721
At 30 April 2022	10,872,078	982,713	(11,587)	109,110	1,773,142	(13,566,762)	158,694	(5,987)	152,707

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 APRIL 2023

THE FIGURES HAVE NOT BEEN AUDITED

V. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period ended 30/04/2023 RM'000	Period ended 30/04/2022 RM'000
Cash flows from operating activities		
Profit before taxation	173,472	96,802
Adjustments for non-cash items	53,826	116,004
Cash generated before working capital changes	227,298	212,806
Changes in working capital	(157,335)	(278,271)
Cash generated/(used in) from operations	69,963	(65,465)
Net taxes paid	(15,537)	(10,797)
Net cash generated/(used in) from operating activities	54,426	(76,262)
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,217)	(31,802)
Dividend received from a joint venture	6,747	4,274
Other items	1,793	1,062
Net cash used in investing activities	(34,677)	(26,466)
Cash flows from financing activities		
Finance costs paid	(25,166)	(5,016)
(Placement)/withdrawal of cash pledged (restricted)	(13,677)	77,603
Net repayment of borrowings	(16,609)	(95,722)
Net repayment of lease liabilities	(7,947)	(8,759)
Net cash used in financing activities	(63,399)	(31,894)
Net decrease in cash and cash equivalents	(43,650)	(134,622)
Effect of exchange rate translation	20,034	7,911
Cash and cash equivalents at beginning of year	697,730	442,214
Cash and cash equivalents at end of period	674,114	315,503
Add: Cash pledged with bank (restricted)	166,072	223,639
Cash and cash equivalents	840,186	539,142

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the period ended 30 April 2023 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). These condensed consolidated interim financial statements also comply with International Accounting Standards ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial period ended 30 April 2023 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2023.

On 1 February 2023, the Group has adopted the following revised MFRSs and Amendments to MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2023:

- Amendments to MFRS 101: Presentation of Financial Statements
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 112: Income Taxes

The adoption of the above standards and interpretations did not have a significant impact on the financial statements of the Group.

2. Seasonality and cyclicity of operations

The Group's operations are not materially affected by any seasonal or cyclical factors except for severe weather conditions in the various regions that the Group operates.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion with material uncertainty relating to going concern in the Company's audited financial statements for the financial year ended 31 January 2023 in their report dated 26 May 2023. An extract of the opinion is as follows:

"We draw attention to Note 2.1 to the financial statements, which indicates that the Group and the Company reported a net loss of RM3,175.5 million and RM3,669.7 million respectively for the year ended 31 January 2023, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM12,662.9 million and RM1,749.5 million respectively, and that the Group is facing severe liquidity constraints. The Company and 22 of its subsidiaries ("the Applicants") have obtained Restraining Order under Section 368 of the Companies Act 2016 in Malaysia ("the Act") which will expire on 11 June 2023 respectively and is in the process of undertaking schemes of arrangement ("SOA") and compromise under Section 366 of the Act.

These events or conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on obtaining extensions of the Restraining Order and Standstill Arrangements; and the successful and timely implementation of the proposed SOA which requires that the Applicants to secure approvals from at least 75% of the scheme creditors in the court convened meetings; and the financial assistance from a white knight.

Should the going concern basis for the preparation of the financial statement be no longer appropriate, adjustments would have to be made in the financial statements relating to the amounts and classification of the assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not qualified in respect of this matter."

4. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period, other than as disclosed in these condensed consolidated interim financial statements.

5. Changes in estimates

There were no changes in estimates that have a material effect in the current financial period, other than as disclosed in these condensed consolidated interim financial statements.

6. Debt and equity securities

There were no other issuance and repayment of debt securities, share buy-back or share cancellations during the period ended 30 April 2023.

7. Subsequent events

On 8 March 2023, the Company announced that in light of the impending expiry of the earlier Orders granted by the High Court of Malaya at Kuala Lumpur (the "Court") under Sections 366 and 368 of the Companies Act 2016 (the "Act") Orders, the Company and twenty-two of its wholly-owned Subsidiaries (collectively, the "Applicants") have filed an extension application under the Act. The Applicants were granted the Orders under Sections 366 and 368 by the Court and will take effect on 11 March 2023.

Subsequently, on 6 June 2023, the Court granted the Applicants an extension period of nine (9) months for the Orders from 12 June 2023 to 11 March 2024, pursuant to Section 368(2) of the Companies Act 2016.

The Orders under Section 366(1) of the Act allows each Applicant to summon meetings with various classes of its creditors (collectively, "Creditors") and to consider and approve a Proposed Scheme of Arrangement ("PSA") between the Applicant and its Creditors to settle the Creditors' claims.

The Applicants were also granted a restraining order pursuant to Section 368(1) of the Act (the "Restraining Order") to restrain and stay all proceedings, further proceedings, intended future proceedings in any action or proceeding against any Applicant and/or its respective assets. The Restraining Order is to facilitate negotiations between each Applicant and its Creditors and finalise the terms of its PSA without the disruption of threatened and ongoing legal proceedings in the interim.

The Restraining Order will not apply to certain financial institutions (collectively, the "MCF Financiers") who have provided multicurrency financing facilities to Sapura TMC (as defined in Note 13(b)(ii)) on the basis that the MCF Financiers are bound by a Corporate Debt Restructuring Committee ("CDRC") standstill (Note 13 (b)(iii)(a)) and thus have been excluded from the application of the Restraining Order.

On 13 June 2023, the Company announced Bursa Securities Malaysia Bhd vide its letter dated 12 June 2023 had given a time extension up to 30 November 2023, to submit its Practice Note 17 ("PN17") regularisation plan to the relevant regulatory authorities.

There is no other material event subsequent to 30 April 2023 which has not been reflected in the condensed consolidated interim financial statements.

8. Changes in the composition of the Group

There was no significant change in the composition of the Group during the current financial period.

9. Contingent liabilities

- (a) The Group has provided corporate guarantees to financial institutions for credit facilities and granted performance bonds to joint ventures and associates amounting to RM537.3 million (31 January 2023: RM524.9 million).
- (b) On 31 January 2019, SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV") (an associate company of the Group) entered into a facility agreement with OMV Exploration & Production GmbH ("OMV E&P") for the OMV financing amounting to USD350.0 million (RM1,431.2 million). As security for this, Sapura Upstream Assets Sdn. Bhd. (a subsidiary of the Group) has pledged shares of SapuraOMV with a value of USD175.0 million (RM715.6 million) in favour of OMV E&P.
- (c) On 17 November 2019, PETRONAS approved a 2-year extension for the Exploration Period for SB331 and SB332 Production Sharing Contracts to Sapura Energy Ventures Sdn. Bhd. ("SEV") subject to the fulfilment of certain minimum work commitments, failure of which there will be a sum payable to PETRONAS. On 29 December 2021, PETRONAS approved a further extension for 3 years allowing SEV to complete its commitments by 19 November 2024. SEV is currently reviewing the terms and conditions stipulated in the extension.
- (d) Other than as disclosed above and Note 14(b) and Note 14(c), there are no other changes to contingent liabilities in the current quarter.

10. Capital commitments

Capital expenditure for property, plant and equipment approved and not provided for in these condensed consolidated interim financial statements as at 30 April 2023 is as follows:

Approved and contracted for:	30/04/2023
	RM'000
Group	<u>38,445</u>

11. Taxation

Taxation comprises of the following:

	Individual Quarter		Cumulative Quarter	
	Three months to 30/04/2023	Three months to 30/04/2022	Three months to 30/04/2023	Three months to 30/04/2022
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	7,705	3,655	7,705	3,655
Foreign taxation	22,826	2,372	22,826	2,372
Deferred taxation	(951)	3,383	(951)	3,383
	<u>29,580</u>	<u>9,410</u>	<u>29,580</u>	<u>9,410</u>

Domestic income tax is calculated at the Malaysian statutory corporate tax rate of 24% of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

12. Status of corporate proposals announced

There were no corporate proposals announced and not completed as at the date of this announcement.

13. Borrowings

(a) Included in the Group's borrowings are as follows:

	<u>Short- term borrowings</u>		<u>Total</u>
	USD	RM	
	denomination	denomination	RM
	RM'000	RM'000	RM'000
As at			
30 April 2023			
Unsecured			
Revolving credits	-	356,047	356,047
Term loans	2,309,114	847,094	3,156,208
Sukuk Programme	885,714	6,370,874	7,256,588
	<u>3,194,828</u>	<u>7,574,015</u>	<u>10,768,843</u>
As at			
31 January 2023			
Unsecured			
Revolving credits	-	357,208	357,208
Term loans	2,191,973	845,128	3,037,101
Sukuk Programme	841,546	6,380,079	7,221,625
	<u>3,033,519</u>	<u>7,582,415</u>	<u>10,615,934</u>

(b) Other information relating to borrowings:

- (i) In the previous financial year, Sapura TMC Sdn. Bhd. ("Sapura TMC") entered into a supplemental letter of offer for the utilisation of a revolving credit facility of RM300.0 million under the Maybank Islamic Facility (the "RCF"). The RCF was inter alia secured by a mortgage over a pipe-laying and crane vessel (the "S3000 Vessel") owned by Sapura 3000 Pte. Ltd. The S3000 Vessel was disposed on 11 August 2022, and the proceeds of the sale amounting to RM312.8 million was deposited with Maybank Islamic Berhad and as required under the terms of the RCF. The RCF was subsequently repaid on 1 December 2022.
- (ii) In the Financial Year ("FY") 2022, Sapura TMC had executed multi-currency financing facilities agreements (collectively, the "MCF Facilities") with the MCF Financiers consisting of:
- the senior multi-currency term facilities agreement dated 29 March 2021 between, inter alia, Sapura TMC as borrower, and the MCF Financiers named therein as conventional facility MCF Financiers; and/or
 - the Multi-Currency Sukuk Programme of up to RM10.0 billion in nominal value based on the Shariah principle of murabahah (via a tawarruq arrangement), established under a programme agreement originally dated 20 August 2015 (as announced on 8 September 2015) between Sapura TMC as issuer, Maybank Investment Bank Berhad as lead arranger, and Maybank Investment Bank Berhad as facility agent, and as thereafter amended and supplemented.

In March and June 2022, and subsequently in March and June 2023, Sapura TMC and the Obligors requested the MCF Financiers of the MCF Facilities to waive any event of default which may arise as a result of:

- failure by Sapura TMC and the Obligors to comply with certain financial covenants of the MCF Facilities;
- granting of Restraining Order in relation to Sapura TMC and the Obligors, and the filing of any documents in connection with that Restraining Order; and

13. Borrowings (cont'd.)

(b) Other information relating to borrowings: (cont'd.)

- (c) failure by Sapura TMC or any of the Obligor of the MCF Facilities to pay certain amounts due and payable under the MCF Facilities during the 90-day period commencing from 7 March 2022 and a further 6 months from 6 June 2022 to 10 December 2022.

In relation to (a) and (b) above, the majority of the MCF Financiers consented to these requests and agreed not to take any enforcement action in relation to any default which may arise as a result of:

- (aa) the failure by Sapura TMC and the Obligors to comply with certain financial covenants of the MCF Facilities; and
- (bb) the Restraining Orders in relation to Sapura TMC and the Obligors and the filing of any documents in connection with the Restraining Order.
- (iii) On 1 September 2022, the Company received approval from the CDRC, approving the Company application for assistance to mediate in the debt restructuring negotiations with certain financial institutions who have provided multi-currency facilities to Sapura TMC.

The CDRC is a committee established under the purview of Bank Negara Malaysia for the purpose of providing a platform for corporate borrowers and their creditors to work out feasible debt resolutions without having to resort to legal proceedings. The Company and nine of its subsidiaries which are obligors under the MCF Facilities ("Admitted Group Companies"), were admitted to the CDRC regime with effect from 1 September 2022.

Following the CDRC's acceptance of the Company's application, CDRC has issued a letter addressed to the Company stating that:

- (a) the Lenders are expected to observe an informal standstill and withhold from any proceedings and the Company is expected to submit a proposal for a restructuring of its debts within 60 days from 1 September 2022; and
- (b) the Company and the Admitted Group Companies are required to adhere to and be bound by Bank Negara Malaysia CDRC Participant's Code of Conduct and any variations thereof as determined at the discretion of the CDRC from time to time.

The Company submitted a draft Proposed Restructuring Scheme ("PRS") to the CDRC on 29 September 2022 and has since been participating in CDRC meetings with the MCF Financiers to seek feedback on and to refine the terms of the PRS.

On 28 February 2023, the Company received a formal notification dated 24 February 2023 from the CDRC stating that the CDRC Committee extended the standstill period for the Company and its relevant subsidiaries under the CDRC regime, up to 9 September 2023. The MCF Financiers will continue to be expected to observe the informal standstill and withhold all legal proceedings and/or any other recovery action initiated or intended against the Company and/or the Company's subsidiaries under the CDRC regime.

13. Borrowings (cont'd.)

- (b) Other information relating to borrowings: (cont'd.)
 - (iv) On 26 October 2022, the Company completed the disposal of Sapura T-19, Sapura T-20 and Sapura Setia for a net disposal proceeds of USD8.1 million. The net disposal proceeds were deposited into the disposal proceeds account and were utilised to repay the multi-currency financing facilities, subject to the terms of the MCF Facilities.
- (c) As required under MFRS 101: Presentation of Financial Statements, in the event of a breach of loan covenants on or before the end of reporting date, before the end of the reporting date which gives lender the rights to demand for immediate repayment, an entity is required to classify a liability as current as it no longer has the unconditional right to defer its settlement for at least twelve months after that date.
- (d) Since the previous reporting date, the Group breached certain financial covenants pursuant to the MCF Facilities. As a result, the borrowings have been classified as current liabilities.

14. Material litigation

(a) Sarku Engineering Services Sdn. Bhd.

On 20 February 2006, Sarku Engineering Services Sdn. Bhd. ("SESSB"), a wholly owned subsidiary of the Company entered into a contract with Oil and Natural Gas Corporation Limited ("ONGC") for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore site ("Contract").

On 21 September 2012, SESSB commenced arbitration proceedings by filing a Statement of Claim against ONGC in relation to disputes pursuant to the Contract for a sum of Indian Rupee ("INR")1,063,759,201 and USD123,819,632 (including interest, costs, losses and damages).

On 17 December 2012, ONGC filed their reply to the Statement of Claim. No counter claims have been filed by ONGC. Documents and witness statements have been filed.

Examination in chief took place in January 2014 whereby a revised list of documents was exchanged and recorded.

The cross examination of ONGC's witness was held from 22 to 24 December 2014 and 5 to 6 January 2015.

In January 2018 and February 2018, SESSB concluded its arguments on each of the claims filed before the tribunal. On 5 February 2018, submissions were made by SESSB's external counsel and thereafter SESSB's arguments were concluded.

ONGC's counsels submitted and concluded their arguments in defence on 6 February 2018 and on 2 to 4 May 2018.

The proceedings continued on 21, 22 and 23 November 2018 with submissions from SESSB's counsel. The tribunal heard ONGC's counsel's submissions on 12 and 13 February 2019. Final written submissions were submitted to the tribunal on 15 April 2019. ONGC presented its submissions on 31 July 2019.

On 30 November 2019, SESSB was awarded the sum of USD3,009,789 ("First Award") by the arbitral tribunal, comprising claims of work done valued at USD1,983,521 (subject to 4.368% withholding tax to be deducted by ONGC) and interests of USD1,026,267 (subject to income tax of 43.68%).

14. Material litigation (cont'd)

(a) Sarku Engineering Services Sdn. Bhd. (cont'd.)

SESSB has instructed its solicitors to file an appeal against the above award.

SESSB has been advised by its solicitors that SESSB has reasonably strong grounds to appeal against the arbitral tribunal's decision. The following are the reasons provided by its solicitors as grounds of appeal against the arbitral tribunal's award:

- (i) The arbitral tribunal had failed to consider the record and detailed written and oral submissions on behalf of SESSB in arriving at its findings and they have made an error in rejecting most of SESSB's claims; and
- (ii) There were instances of procedural irregularities in favour of ONGC in the arbitration which may be grounds to a successful challenge of the award in the courts.

ONGC filed an application to the arbitral tribunal disputing the computation of the award and seeking a correction of the amounts awarded in respect of the interest portion of the award.

The application by ONGC for correction of the errors in the award was allowed by the arbitral tribunal on 29 August 2020. The total amount payable by ONGC as per the Final Award is USD413,037 ("Final Award"). The difference between the First Award and the Final Award is in the sum of USD2,596,752. Parties will have 90 days from the date of the Final Award to file an appeal to the courts.

Our solicitors had accordingly filed an appeal on 8 December 2020 to challenge or set aside parts of the First Award and the Final Award which reject the claims of SESSB. The matter is now pending admission stage where it is to be listed for hearing upon filing of petition.

For the sums awarded to SESSB under the Final Award which are not being appealed against, a Letter of Demand was issued to ONGC on 7 May 2021 to demand for the payment of sum of INR19,693,815 and USD146,904. SESSB's solicitors advised that the Letter of Demand will not affect SESSB's position in respect of its action to challenge or set aside the award.

(b) Sapura Fabrication Sdn. Bhd.

On 18 March 2011, Sapura Fabrication Sdn. Bhd. ("SFSB"), a wholly-owned subsidiary of the Company entered into a contract with Petrofac (Malaysia) Limited ("PML") to provide works for the engineering, procurement and construction of well head platforms for the Cendor Phase 2 Development Project located in Block PM 304 in the Malaysian sector of the South China Sea ("Contract").

On 26 March 2018, SFSB received a commencement request from PML to formally initiate a claim in relation to disputes arising from the Contract by way of arbitration proceedings at the Asian International Arbitration Centre, for damages amounting to a sum of USD9,558,003 and RM16,785,227 vide its Re-amended Point of Claims. PML has alleged breach of riser height requirements and preservation obligations by SFSB. The claim by PML was made separately in two currencies as the claim is based on the rates and currencies prescribed in the Contract.

On 26 April 2018, SFSB responded to PML's claim and made a counter claim for a total amount of RM13,521,495.

The arbitrators have been appointed and parties had attended the first arbitration meeting on 21 July 2018. PML filed their Points of Claim on 21 September 2018 and SFSB filed its Defence and Counterclaim on 3 December 2018. Subsequently, PML submitted their Points of Reply and Defence to Counterclaim on 4 February 2019. PML requested to amend their Points of Claim and the same was filed on 8 March 2019. SFSB filed its rejoinder on 18 March 2019. The deadline for parties to exchange the bundle of documents was on 5 April 2019 and any request for discovery/disclosure was to be filed on 9 May 2019. The documents ordered to be produced by SFSB were produced on 12 September 2019. On the other hand, the documents ordered to be produced by PML were partially tendered on 23 September 2019. Witness Statements were filed on 15 November 2019 and the rebuttal witness statements were filed on 15 December 2019.

14. Material litigation (cont'd.)

(b) Sapura Fabrication Sdn. Bhd. (cont'd)

The hearing proceeded on 26, 27 and 28 April 2021 as scheduled with 2 of PML's witnesses giving evidence. The hearing continued on the following dates:

- (i) 31 April 2021;
- (ii) 3, 4, 5, 6, 7 & 10 May 2021;
- (iii) 20 to 24 September 2021;
- (iv) 27 September 2021 to 1 October 2021; and
- (v) 4 to 6 October 2021.

During the case management on 6 April 2021, the tribunal vacated the May 2021 dates as two of PML's witnesses were unable to attend the April and May 2021 hearing dates.

The hearing proceeded on the following dates as scheduled:

- (i) 20 to 24 September 2021;
- (ii) 27 September 2021 to 1 October 2021;
- (iii) 4, 6, 7 and 8 October 2021; and
- (iv) 13 November 2021.

The hearing dates scheduled in January and February 2022 were vacated and the tribunal fixed the following dates for continued hearing:

- (i) 25 to 29 April 2022;
- (ii) 17 to 20 May 2022;
- (iii) 8 to 12 August 2022; and
- (iv) 15 to 19 August 2022.

The matter was scheduled for case management on 22 April 2022 and the tribunal vacated the earlier fixed hearing dates due to the Restraining Order obtained in Originating Summons WA-24NCC-148-03/2022 which came into effect on 10 March 2022.

PML indicated that they are currently awaiting to receive the applicable notice from SFSB to allow them to proceed with the filing of Proof of Debt. Subject to the outcome of their Proof of Debt, PML will then consider whether or not to seek leave to proceed with the arbitration in accordance with the terms of the Restraining Order.

A case management conference was scheduled to be conducted on 11 August 2022 for the parties to update the tribunal vis-à-vis the status/outcome of the scheme and for the tribunal to chart the course of the arbitration moving forward.

SFSB was verifying the Proof of Debt submitted by PML.

The case management conference on 11 August 2022 was vacated as the Tribunal instructed the parties to provide a joint status report on the Proof of Debt by 11 November 2022.

On 11 November 2022, the tribunal directed the parties to provide a brief update to the tribunal on status of PML's Proof of Debt claims and a case management was scheduled on 18 January 2023.

14. Material litigation (cont'd.)

(b) Sapura Fabrication Sdn. Bhd. (cont'd)

During the case management on 18 January 2023, SFSB's solicitors informed the tribunal that a Notice of Admission of Proof of Debt was issued to PML on 16 January 2023 in response to PML's Proof of Debt Form. The tribunal was also made aware of the contents of the said Notice of Admission from SFSB. SFSB's solicitors further informed the tribunal that moving forward, SFSB will provide an Explanatory Statement in relation to the proposed Scheme of Arrangement to PML which sets out the payment terms and the date of the Court-Convened Meeting.

In light of the current Restraining Order that would expire on 10 March 2023, the tribunal had requested parties to provide the tribunal with a status update on the Scheme of Arrangement and Restraining Order by 20 March 2023.

During the Case Management on 20 March 2023, SFSB's solicitors updated the tribunal that SFSB had obtained a new Restraining Order dated 8 March 2023 and SFSB will provide further update to tribunal on the ongoing proof of debt exercise under the Scheme of Arrangement.

There is no further case management date fixed by the tribunal. The tribunal only directed parties to update on the status of the restructuring exercise under the Scheme of Arrangement.

(c) Sapura Energy do Brasil Ltda.

On 5 January 2020, Sapura Energy Berhad's subsidiary, Sapura Energy do Brasil Ltda. ("SE Brasil"), commenced arbitration proceedings against Centrais Elétricas de Sergipe S.A. ("CELSE") of Brazil. The arbitration is to resolve disputes arising out of an Engineering, Procurement, Construction and Installation Contract ("Contract") dated 20 November 2017.

SE Brasil had completed the works under the Contract in November 2019.

Due to unresolved disputes such as non-payment of milestone payments and non-payment of variation orders, SE Brasil commenced arbitration proceedings against CELSE at the International Court of Arbitration in Sao Paulo, Brazil, under the International Chamber of Commerce (ICC) Arbitration Rules. The Arbitration Tribunal comprises of 3 arbitrators. Chairman for the arbitration proceeding has been appointed.

- (i) SE Brasil filed their Statement of Claim for the sum of USD84,606,035 on 29 March 2021.
- (ii) CELSE filed Respondent's Statement of Claim for the sum of USD89,799,186 on 29 March 2021.
- (iii) SE Brasil filed Claimant's and Additional Party's Statement of Defence against Respondent's Statement of Claim on 28 May 2021.
- (iv) CELSE filed Respondent's Statement of Defence against Claimant's Statement of Claim on 28 May 2021.
- (v) SE Brasil filed Claimant's Reply on 28 June 2021.
- (vi) CELSE filed Respondent's Reply on 28 June 2021.
- (vii) SE Brasil filed Claimant's and Additional Party's Rejoinder on 28 July 2021.
- (viii) CELSE filed Respondent's Rejoinder on 28 July 2021.

Submissions on the issues to be determined by the Arbitration Tribunal, witness statements and request for additional evidence were submitted on 27 September 2021. Thereafter, a hearing for the presentation of the case shall take place.

On 30 September 2021, SE Brasil requested for leave to file expert rebuttal and this was granted on 10 November 2021. SE Brasil filed a rebuttal against the Technomar report on 10 December 2021.

14. Material litigation (cont'd.)

(c) Sapura Energy do Brasil Ltda. (cont'd.)

The Arbitration Tribunal is now fully constituted following the ICC's confirmation of CELSE's third nominee. Evidentiary hearing was conducted on 26 January 2022.

- (i) 28 March 2022 - Parties submitted their application for document production by the counterparty in the form of a Redfern Schedule;
- (ii) 12 April 2022 – SE Brasil and Sapura Energy Berhad ("Sapura Energy") informed they did not object against the production of the documents requested by CELSE;
- (iii) 12 April 2022 – CELSE objected to the production of the documents requested by SE Brasil and Sapura Energy in their Answer to the Redfern Schedule;
- (iv) April 2022 – SE Brasil and Sapura Energy submitted their answer to the objections presented by CELSE to the production of the requested documents (Reply to the Redfern Schedule);
- (v) 27 April 2022 – CELSE submitted a motion to the Arbitration Tribunal requesting that SE Brasil and Sapura Energy produce the non-objected documents immediately;
- (vi) 28 April 2022 – SE Brasil and Sapura Energy presented a submission to the Arbitration Tribunal in response to CELSE's submission dated 27 April 2022;
- (vii) 3 May 2022 – The Arbitral Tribunal determined that SE Brasil and Sapura Energy provide the non-objected documents to CELSE by 10 May 2022;
- (viii) 10 May 2022 – SE Brasil and Sapura Energy produced the non-objected documents to CELSE.

CELSE's counter claim against SE Brasil for USD89,799,186 is for delay penalties, damages and/or expenses due to failure to perform the contract, breach of warranty and claim for warranty extension items which CELSE had or will have to perform correction on given SE Brasil's inaction.

Parties are waiting for the Arbitration Tribunal to rule on the latest production of the documents requested by SE Brasil and Sapura Energy and to decide on the next steps in evidence production.

The Arbitration Tribunal had also ruled on the latest production of the documents requested by SE Brasil and Sapura Energy and ordered CELSE to produce only a certain category of documents that the Arbitration Tribunal find relevant to the proceedings.

The Arbitration Tribunal also requested parties to file a joint submission on the technical issues that still require expert determination on 5 November 2022, which CELSE refused. As such, only SE Brasil and Sapura Energy filed the said submission on 4 November 2022.

On 7 November 2022, SE Brasil and Sapura Energy presented their proposal of a calendar for production of their additional documents. On the same date, CELSE also presented a submission requesting the Arbitration Tribunal to hold a hearing on the merits to allow the Parties to present their case prior to any expert determination.

Since the Parties were not able to reach an agreement regarding the procedural calendar for SE Brasil and Sapura Energy's production of additional documents, as well as on the calendar for the production of the expert determination, on 02 January 2023 the Arbitration Tribunal rendered the Procedural Order No. 19 ("PO 19"), deciding on those issues.

By means of PO 19, the Arbitration Tribunal:

- (i) granted SE Brasil and Sapura Energy the opportunity to produce additional evidence until 16 January 2023; and
- (ii) invited CELSE to comment on such evidence until 30 January 2023.

The Arbitration Tribunal held an Evidentiary Hearing in order to assess the evidence already produced by the Parties and also to determine whether it should appoint experts for additional expert determination. Therefore, the Parties were invited to present, by 30 January 2023, a joint submission with the points of agreement and disagreement regarding some issues related to the hearing.

14. Material litigation (cont'd.)

(c) Sapura Energy do Brasil Ltda. (cont'd.)

On 16 January 2023, SE Brasil and Sapura Energy complied with PO 19 and submitted the settlement agreements entered into with the subcontractors, in order to prove the losses and financial damages Sapura Brasil faced as a result of CELSE's default of its payment obligations.

In turn, on 30 January 2023 CELSE presented its comments on SE Brasil and Sapura Energy's abovementioned submission and documents, whereby it requested the Arbitration Tribunal to deny the claims and documents produced, by alleging that it referred to new claims which was time-barred.

On 30 January 2023, the Parties presented a joint submission in response to PO 19, whereby both submitted partial agreement on the Evidentiary Hearing's agenda. The Arbitration Tribunal shall soon issue a new procedural order in order to establish the hearing dates.

The Arbitration Tribunal has fixed the Evidentiary Hearing dates from 11 September 2023 until 22 September 2023.

(d) Winding up petitions

The following are the list and status of the Winding Petitions served to the Company or its subsidiaries. On 10 March 2022, in view of the Restraining Orders obtained by the Group, the case management and hearing of the Petitions against Sapura Offshore Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Subsea Services Sdn. Bhd. and Sapura Geosciences Sdn. Bhd. were vacated as the winding up proceedings has been stayed for three months. By a court order dated 8 June 2022, the Restraining Orders were now extended for a further period of nine months until 10 March 2023. Sapura Energy and its 22 subsidiaries filed a fresh application under Sections 366 and 368 of the Companies Act and were granted a Restraining Order for the period of three months by the Court on 8 March 2023, and such Restraining Order is to take effect from 11 March 2023. On 6 June 2023, the Restraining Orders were extended by the Court for a further period of nine months until 10 March 2024.

(i) Hycotech Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-638-12/2021)

- a) Winding up petition date - 17 December 2021
- b) Case management and hearing dates - 17 February 2022 and 9 March 2022

On 17 February 2022 Sapura Offshore Sdn. Bhd.'s solicitors informed the court that Sapura Offshore Sdn. Bhd. has entered into a settlement agreement with Hycotech Sdn. Bhd., and that full payment has been made to Hycotech Sdn Bhd, subject to deductions on withholding tax.

Hycotech Sdn. Bhd. refused to withdraw the winding up petition as they claimed that they are entitled to receive the full outstanding sum including the withholding tax.

Following the dispute, on 1 March 2022 Sapura Offshore Sdn. Bhd. filed an application under Order 14A Rules of Court 2012 and to Strike Out the Petition.

On 9 March 2022, the Court fixed 22 April 2022 for the hearing of the Order 14A Rules of Court 2012 and Striking Out Application, and for the hearing of the Petition itself.

The hearing on 22 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy Bhd ("SEB") and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(ii) Perdana Nautika Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Kuala Lumpur High Court (WA-28NCC-920-12/2021)

- a) Winding up petition date - 20 December 2021
- b) Case management and hearing dates - 22 February 2022 and 26 April 2022

On 22 February 2022 Notices of Intention to Appear on Petition were filed by two creditors, namely:

- i. Tumpuan Megah Development Sdn. Bhd.; and
- ii. Vallianz Offshore Marine Pte Ltd.

The hearing on 27 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 12 June 2023.

During the Case Management on 12 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 12 March 2024.

(iii) Perdana Nautika Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Kuala Lumpur High Court (WA-28NCC-921-12/2021)

- a) Winding up petition date - 20 December 2021
- b) Case management and hearing dates - 23 February 2022 and 26 April 2022

On 23 February 2022 the solicitors for Perdana Nautika informed the Court that they were just instructed to advertise and gazette the Petition. Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that Sapura Pinewell Sdn. Bhd. will file an affidavit to oppose the Petition if they are required to do so.

The hearing on 26 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 14 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 13 March 2024.

(iv) Hycotech Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Shah Alam High Court (BA-28NCC-639-12/2021)

- a) Winding up petition date - 20 December 2021
- b) Case management and hearing dates - 28 February 2022 and 9 March 2022

On 28 February 2022 Petitioner informed the Court that the Petitioner wishes to withdraw the petition during the hearing on 9 March 2022.

However, another creditor has appeared as a supporting creditor to the Petition during the Hearing on 9 March 2022, and the Court directed the supporting creditor to file its formal application to be substituted as the petitioner within 14 days.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(iv) Hycotech Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Shah Alam High Court (BA-28NCC-639-12/2021) (cont'd.)

- c) During the Case Management on 13 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(v) Fast Global Link Services vs Sapura Subsea Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-27-01/2022)

- a) Winding up petition date - 13 January 2022
b) Case management and hearing dates - 14 February 2022 and 12 April 2022

On 14 February 2022 Sapura Subsea Sdn. Bhd. sought for a further case management date to be fixed on 15 March 2022 to determine whether Sapura Subsea Services Sdn. Bhd. will be contesting the winding-up petition or otherwise.

The case management date on 15 March 2022 and hearing date on 12 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(vi) Mectra Synergy (M) Sdn. Bhd. vs Sapura Subsea Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-31-01/2022)

- a) Winding up petition date - 25 January 2022
b) Case management and hearing dates - 17 February 2022 and 20 April 2022

On 17 February 2022 Sapura Subsea Services Sdn. Bhd.'s solicitors sought further case management date to be fixed by the Court and the Court has fixed the next case management on 15 March 2022.

The case management date on 15 March 2022 and hearing date on 20 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(vii) Equatorial Marine Fuel Management vs Sapura Offshore Sdn. Bhd - Shah Alam High Court (BA-28NCC-68-01/2022)

- a) Winding up petition date - 25 January 2022
- b) Case management and hearing dates - 28 February 2022 and 25 April 2022

On 28 February 2022 Petitioner informed the Court that a further date is required for compliance with winding up procedures.

Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that a further date is required to confirm whether the debt under the winding up petition may be disputed.

Hearing date on 25 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(viii) Dura International Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-83-02/2022)

- a) Winding up petition date - 7 February 2022
- b) Case management and hearing dates - 10 March 2022 and 18 May 2022

The case management on 10 March 2022 and hearing date on 18 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(ix) Astro Offshore Pte. Ltd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-87-02/2022)

- a) Winding up petition date - 7 February 2022
- b) Case management and hearing dates - 14 March 2022 and 19 May 2022
The case management on 14 March 2022 and hearing date on 19 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(x) Public Crane Heavy Equipment Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-92-02/2022)

- a) Winding up petition date - 9 February 2022
- b) Case management and hearing dates - 14 March 2022 and 19 May 2022
The case management on 14 March 2022 and hearing date on 19 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(xi) MMA Offshore Malaysia Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Kuala Lumpur High Court (WA-28NCC-111-02/2022)

- a) Winding up petition date - 14 February 2022
- b) Case management and hearing dates - 15 March 2022 and 8 June 2022
The case management on 15 March 2022 and hearing date on 8 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During case management on 23 June 2022 Sapura Pinewell Sdn. Bhd. updated that the Restraining Order is extended for 9 months.
- d) During the Case Management on 14 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(xii) Icon Offshore Group Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-119-02/2022)

- a) Winding up petition date - 25 February 2022
- b) Case management and hearing dates - 17 March 2022 and 24 May 2022

The case management on 17 March 2022 and hearing date on 24 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(xiii) Posh Subsea Pte. Ltd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA28NCC-145-03/2022)

- a) Winding up petition date - 3 March 2022
- b) Case management and hearing dates - 6 April 2022 and 7 June 2022

The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(xiv) Lincoln Energy Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-146-03/2022)

- a) Winding up petition date - 4 March 2022
- b) Case management and hearing dates - 6 April 2022 and 7 June 2022

The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(xv) Semco Salvage (V) Pte. Ltd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA28NCC-144-03/2022)

- a) Winding up petition date - 3 March 2022
- b) Case management and hearing dates - 6 April 2022 and 7 June 2022

The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(xvi) Danamin (M) Sdn. Bhd. vs Sapura Project Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-139-02/2022)

- a) Winding up petition date - 28 February 2022
- b) Case management and hearing dates - 31 March 2022 and 30 May 2022

On 31 March 2022, Sapura Project Services Sdn. Bhd.'s solicitors informed the Court that a further date is required to confirm whether the debt under the winding up petition may be disputed.

On 13 May 2022, Sapura Energy Berhad, Sapura Digital Solutions Sdn. Bhd., Sapura Diving Services Sdn. Bhd., Sapura Maintenance Services Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Onshore Sdn. Bhd., Sapura Subsea Services Sdn. Bhd., Sapura Services Sdn. Bhd., Sapura Management Services Sdn. Bhd., Sapura Marine Sdn. Bhd., Sapura Drilling Services Sdn. Bhd., Sapura Power Services Sdn. Bhd., Sapura Offshore Sdn. Bhd., and Sapura 3000 Pte. Ltd. as Creditors to Sapura Project Services Sdn. Bhd. filed application to:

- (i) appoint liquidator for the Sapura Project Services Sdn. Bhd. ; and
- (ii) appoint interim liquidator for the Sapura Project Services Sdn. Bhd. This is pending the hearing for appointment of the liquidator.

The matter was fixed for case management on 30 May 2022. The Court has directed for a further case management to be fixed on 5 July 2022 to allow the parties to file their respective affidavits in reply for the applications to appoint the interim liquidator and liquidator of Sapura Project Services Sdn. Bhd..

The court fixed another case management date on 5 July 2022.

The court has fixed hearing date for the application for appointment of a permanent liquidator and the interim liquidator on 1 September 2022.

On 1 September 2022, a liquidator has been appointed as the Interim Liquidator for Sapura Project Services Sdn. Bhd..

On 14 September 2022, the Court ordered that Sapura Project Services Sdn. Bhd. be wound up and a liquidator was appointed as the Liquidator for Sapura Project Services Sdn. Bhd. on the same date.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(xvi) Danamin (M) Sdn. Bhd. vs Sapura Project Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-139-02/2022) (cont'd.)

A Committee of Inspection was constituted during the Meeting of Creditors and Contributories held on 30 March 2023.

The first meeting of the Committee of Inspection was held on 13 April 2023 to approve the Liquidator continuing to carry on the business so far as necessary for the beneficial winding up of Sapura Project Services Sdn. Bhd..

The Liquidator is also currently in the process of verifying the Proof of Debts submitted against Sapura Project Services Sdn. Bhd. and the verification exercise is expected to be completed by July or August 2023.

(xvii) VKI Marketing Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-159-03/2022)

- a) Winding up petition date - 22 February 2022
- b) Case management and hearing dates - 11 April 2022 and 13 June 2022

The case management on 11 April 2022 and hearing on 13 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) Next case management was fixed on 29 June 2022.
- d) Due to the extension of the Restraining Order, the next Case Management was fixed on 13 March 2023.
- e) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

(xviii) Tumpuan Megah Development Sdn. Bhd. vs Sapura Geosciences Sdn. Bhd. - Shah Alam High Court (BA-28NCC-181-03/2022)

- a) Winding up petition date - 17 March 2022
- b) Case management and hearing dates - 14 April 2022 and 20 June 2022

The case on 14 April 2022 and hearing on 20 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) Next case management was fixed on 29 June 2022.
- d) Due to the extension to the Restraining Order, the next Case Management was fixed on 13 March 2023.
- e) During the Case Management on 13 March 2023, Sapura Geosciences Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Geosciences Sdn. Bhd. obtained a new Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

14. Material litigation (cont'd.)

(d) Winding up petitions (cont'd.)

(xviii) Tumpuan Megah Development Sdn. Bhd. vs Sapura Geosciences Sdn. Bhd. - Shah Alam High Court (BA-28NCC-181-03/2022) (cont'd.)

- (f) During the Case Management on 13 June 2023, Sapura Geosciences Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Geosciences Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. Currently waiting for the Court to fix the next Case Management date.

15. Review of Group Performance

15.1 Current quarter against the corresponding quarter of the preceding year

	Individual Quarter Three months to		Changes %
	30/04/2023 RM'000	30/04/2022 RM'000	
Revenue	951,726	886,081	7.4
Operating profit	113,881	73,767	54.4
Profit before taxation	173,472	96,802	79.2
Profit after taxation	143,892	87,392	64.7
Profit attributable to owners of the Parent	146,086	91,934	58.9

The Group's revenue of RM951.7 million in the current quarter, was an increase of RM65.6 million compared to RM886.1 million in the corresponding quarter of the preceding year ("Q1 FY2023") due to higher rig utilisation days from the Drilling segment and increased project activities in current quarter for the O&M segment.

The Group recorded a profit before taxation of RM173.5 million in the current quarter, higher by RM76.7 million compared to RM96.8 million in Q1 FY2023, mainly due to lower depreciation, higher share of profit from associates, and net foreign exchange gain arising from the appreciation of USD against RM.

15.2 Current quarter against immediate preceding quarter

	Individual Quarter Three months to		Changes %
	30/04/2023 RM'000	31/01/2023 RM'000	
Revenue	951,726	1,217,186	(21.8)
Operating profit	113,881	331,328	(65.6)
Profit/(loss) before taxation	173,472	(3,300,902)	>100.0
Profit/(loss) after taxation	143,892	(3,272,955)	>100.0
Profit/(loss) attributable to owners of the Parent	146,086	(3,257,166)	>100.0

The Group's revenue of RM951.7 million was RM265.5 million or 21.8% lower than the immediate preceding quarter ("Q4 FY2023") of RM1,217.2 million, due to lower revenues from the Drilling and E&C segments, attributable to lower rig utilisation days in the current quarter and lower approved claims respectively.

In Q1 FY24, the Group recorded a profit before taxation of RM173.5 million which is RM3,474.4 million higher than a loss before taxation of RM3,300.9 million. In Q4 FY2024, The loss incurred in the immediate preceding quarter was mainly due to a provision for impairment on goodwill on consolidation of RM1,463.7 million and provision for impairment on property, plant and equipment of RM1,156.5 million.

16. Segment information

The Group organises its business activities into five major segments as follows:

- (i) Engineering and Construction ("E&C")
- (ii) Operations and Maintenance ("O&M")
- (iii) Drilling;
- (iv) Exploration and Production* ("E&P"); and
- (v) Corporate

	Three months to 30/04/2023	
	Revenue	Profit/(loss)
	RM'000	before tax RM'000
E&C	574,820	71,283
O&M	144,470	(28)
Drilling	294,632	851
E&P	-	43,827
	<u>1,013,922</u>	<u>115,933</u>
Corporate expenses and eliminations	(62,196)	57,539
Group revenue/profit before taxation	<u>951,726</u>	<u>173,472</u>

*includes share of profit after tax of associates

16.1 Current quarter against corresponding quarter of the preceding year

	Revenue			Profit/(loss) before tax		
	Three months to		Changes	Three months to		Changes
	30/04/2023	30/04/2022		30/04/2023	30/04/2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Business segments:						
E&C	574,820	587,844	(2.2)	71,283	47,942	48.7
O&M	144,470	120,870	19.5	(28)	26,550	(>100.0)
Drilling	294,632	231,761	27.1	851	(49,338)	>100.0
E&P	-	-	-	43,827	41,907	4.6
	<u>1,013,922</u>	<u>940,475</u>		<u>115,933</u>	<u>67,061</u>	
Corporate expenses and eliminations	(62,196)	(54,394)	14.3	57,539	29,741	93.5
Group revenue/ Profit before taxation	<u>951,726</u>	<u>886,081</u>	7.4	<u>173,472</u>	<u>96,802</u>	79.2

Business segments:

Engineering and Construction

The segment recorded revenue of RM574.8 million in the current quarter, which is RM13.0 million or 2.2% lower than revenue of RM587.8 million in Q1 FY2023, primarily due to lower approved claims whilst maintaining stable performance on execution of projects.

The segment's profit before taxation increased by RM23.3 million or 48.7% to RM71.2 million compared to profit before taxation of RM47.9 million in Q1 FY2023, despite the drop in revenue on the back of lower direct costs incurred.

16. Segment information (cont'd.)

16.1 Current quarter against corresponding quarter of the preceding year (cont'd.)

Business segments : (cont'd.)

Operations and Maintenance

The segment recorded an increase in revenue of RM23.6 million to RM144.5 million in the current quarter, from RM120.9 million in Q1 FY2023, driven by higher activity level from execution of projects and inclusion of inspection, repair and maintenance.

In the current quarter, the segment turned to a loss before taxation of RM0.03 million as compared to profit before taxation of RM26.6 million in Q1 FY2023, mainly contributed by higher project costs incurred and lower margins.

Drilling

The segment recorded an increase in revenue of RM62.9 million or 27.1%, from RM231.7 million in Q1 FY2023 to RM294.6 million in the current quarter. The increase is mainly contributed by higher rig utilisation days, subsequent to the award of long-term contracts for tender assisted rigs.

The segment turned to profit before taxation of RM0.9 million in the current quarter against loss before taxation of RM49.3 million in Q1 FY2023, a turnaround of RM50.2 million attributable to higher revenue and steady margins.

Exploration and Production

The segment recorded a profit before taxation of RM43.8 million, which was RM1.9 million higher than profit before taxation of RM41.9 million in Q1 FY2023, driven by higher gas price.

17. Additional disclosure information

17.1 Foreign exchange exposure and hedging policy

Foreign currency (a currency which is other than the functional currency of the Group entities) risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of the changes in foreign exchange rates.

The Group has transactional currency exposures arising mainly from revenue, costs and advances that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily RM and US Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly USD and RM.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the assets or investments is located or by borrowing in the currencies that match the future revenue stream to be generated from its investments. Where possible, the strategy is to match the payments for foreign currency payables against receivables denominated in the same foreign currency.

17. Additional disclosure information (cont'd.)

17.2 Trade and other receivables and contract assets

	As at 30/04/2023	As at 31/01/2023
	RM'000	RM'000
Non-current		
Trade receivables	24,032	37,066
Less: Provision for expected credit loss	(10,360)	(10,360)
	<u>13,672</u>	<u>26,706</u>
Other receivables	<u>213,963</u>	<u>200,655</u>
Total non-current trade and other receivables	<u>227,635</u>	<u>227,361</u>
Current		
Trade receivables	567,938	463,723
Less: Provision for expected credit loss	(200,470)	(200,470)
	<u>367,468</u>	<u>263,253</u>
Other receivables	770,915	792,335
Less: Provision for expected credit loss	(272,603)	(272,603)
	<u>498,312</u>	<u>519,732</u>
Total current trade and other receivables	<u>865,780</u>	<u>782,985</u>
Contract assets	<u>230,098</u>	<u>687,586</u>
Total trade and other receivables and contract assets	<u>1,323,513</u>	<u>1,697,932</u>

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (31 January 2023: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by the management. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

18. (a) Commentary on prospects

Sapura Energy Berhad and its subsidiaries ("the Group") will continue to implement its Reset plan throughout the Financial Year 2024 ("FY24") to enhance profitability and cashflows, ensure discipline and excellence in bidding and project execution, and address its unsustainable debt.

Despite challenges in accessing bank guarantees and working capital facilities, the Group has successfully secured RM1.4 billion in contract wins, increasing its outstanding order book to RM5.8 billion. Additionally, the non-consolidated gross order book of the Group's joint-venture entities currently stands at RM4.8 billion.

Foreign contracts account for 72% of the total new wins, indicating a growth trajectory beyond the Malaysian borders. Of the RM979 million new wins in the E&C segment, 58% are Transportation & Installation projects in the Atlantic/West African region, which is part of the Group's strategy for growth. In the Drilling segment, 10 out of 11 rigs are operational, with 6 rigs operating internationally. It is anticipated that the segment will reach full capacity by the end of Q2 FY24.

FY24 holds significant importance for the Group as it strives to address its unsustainable debt, outstanding amounts owed to trade creditors, and its PN17 status. The Group is making progress towards finalising its Proposed Restructuring Scheme ("PRS") and Regularisation Plan, with an extension of time granted for the Regularisation Plan and Restraining Orders until 30 November 2023 and 10 March 2024 respectively. These extensions will enable the Group to finalise its PRS and Regularisation Plan that will be fair and equitable to all stakeholders.

(b) Revenue or profit estimate, forecast, projection or internal targets

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

19. Dividend

The Board of Directors does not recommend any payment of dividend for the current quarter under review.

20. Earnings per share

Basic/Diluted	Individual Quarter		Cumulative Quarter	
	Three months to 30/04/2023	30/04/2022	Three months to 30/04/2023	30/04/2022
Profit attributable to owners of the Parent (RM'000)	146,086	91,934	146,086	91,934
Weighted average number of ordinary shares in issue excluding shares held under trust ('000):				
- Basic	15,979,080	15,979,080	15,979,080	15,979,080
- Diluted*	15,578,190	15,760,076	15,578,190	15,760,076
Earnings per shares (sen)				
- Basic	0.91	0.58	0.91	0.58
- Diluted	0.94	0.58	0.94	0.58

* Rights issue of RCPS-i and warrants of 2,396,862,035 units and 998,692,020 units respectively, as well as 691,938,153 and 586,388,264 options under the Executive Share Option Scheme granted have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

By Order of the Board

Tai Yit Chan
(SSM Practising Certificate No. 202008001023)
(MAICSA 7009143)

Tan Seiw Ling
(SSM Practising Certificate No. 202008000791)
(MAICSA 7002302)

Seri Kembangan, Selangor Darul Ehsan
26 June 2023